BC Housing

BRITISH COLUMBIA

Annual Report

Housing Matters

2012/13

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I. Title. II. Title: BC Housing annual report.

HD7305.B7B74 ISSN# 1711-1781 354.7110086'5'06 C80-90417-1

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Joint Message from the Chair and Chief Executive Officer

Overview of the year

BC Housing's activities during the 2012/13 fiscal year focused on delivering high quality services for the benefit of our clients and tenants. Last year over 98,000 households received assistance through our programs. Several new programs and initiatives were launched during the year to support our strategic priorities. Our annual revenue totaled $656.6 million at year-end, of which 61 per cent came from the Province for programs across the housing continuum including independent social housing, emergency shelter and new housing for the homeless, transitional supportive and assisted living for those with special needs, rent assistance in the private market for low-income seniors and families, and consumer protection and improved quality of residential construction in the private market. Overall BC Housing's revenue and expenditures for 2012/13 were lower than the previous fiscal year due to the completion of capital funding projects for new social housing and repair and renovation of existing housing.

Board governance took an important step forward in 2012/13 with the appointment of a full Board of Commissioners, strengthening BC Housing's governance practices and competencies, and contributing to an enhanced level of strategic direction and oversight.

Performance outcomes

Our 2012/13 Service Plan contains 12 performance targets and the year-end results are as follows: eight targets were met or exceeded, one was substantially met (one per cent below target) and one target was not met. Although two performance measures were undergoing collection of baseline data during the year, the 2012/13 results for these two measures are included in this report. Essential elements of the Service Plan were achieved including the completion of new social housing units, tenants' rating of BC Housing's performance, Facility Condition Index, greenhouse gas emission reductions, controllable administration costs and employee engagement. We believe our performance was strong across all business areas with no significant variations from our Service Plan targets.

Major initiatives

Significant milestones were reached with the creation of new social housing. The 2012/13 fiscal year marked the halfway point for the construction of 14 new supported housing developments for the homeless in Vancouver, and more than 20 have been completed province wide through *Memorandum of Understanding* partnerships with local governments and non-profit societies. We also initiated a $10 million investment over three years for new affordable housing in the Columbia Basin Region in partnership with the federal government and the Columbia Basin Trust.

In the fall of 2012 we signed an important agreement with the Aboriginal Housing Management Association (AHMA) to transfer the administration of all operational agreements and subsidies for Aboriginal social housing programs and services operated by Aboriginal groups, totaling over $30 million annually. An additional $5 million investment was made in partnership with the federal government and AHMA to create new affordable housing for Aboriginal households in need. We are proud to have achieved a "silver" level Progressive Aboriginal Relations Certification by the Canadian Council for Aboriginal Business recognizing our commitment to the Aboriginal sector.

Progress was made on the *Single Room Occupancy Renewal* initiative with the selection of the public-private-partnership team and commencement of renovation construction at three buildings. This major initiative, with a capital cost of $143.3 million, will see the renovation and restoration of 13 provincially owned single room occupancy hotels in Vancouver's Downtown Eastside, to provide access to clean and safe social housing.

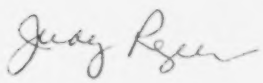
Finally, through a funding partnership with the federal government, we implemented the *Home Adaptations for Independence* program in 2012/13. This program offers low-income seniors and people with disabilities up to $20,000 to finance home modifications for accessibility, and is administered by the Homeowner Protection Office.

Key risks and opportunities

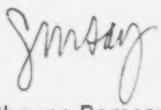
A key housing issue and risk area in 2012/13 continued to be the expiry of operating agreements between BC Housing and social housing providers, and the ability of housing providers to continue to serve low-income households in buildings with expired operating agreements. A joint initiative is underway with the BC Non-Profit Housing Association (BCNPHA) to develop a strategy around this. We are also working individually with societies wishing to explore future options for their aging buildings, for example, opportunities to take advantage of the *Community Partnership Initiatives* program that can assist societies to create self-sustaining affordable housing developments. A joint BC Housing-BCNPHA capital planning initiative is also underway.

Strong relationships, client focused

Looking ahead, our focus will continue to be on delivering our mandate by building and maintaining strong relationships with our non-profit, industry, government and community partners. Our emphasis on being client-focused – including tenants, housing and service providers, licensed residential builders, and new home buyers – will help to ensure that we are providing the best programs and services possible for British Columbians.



Judy Rogers
Chair



Shayne Ramsay
Chief Executive Officer

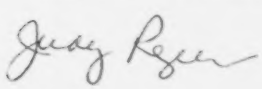
ABOUT THIS ANNUAL REPORT

The 2012/13 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, and how it has been reported.

The information presented reflects the actual performance of BC Housing for the 12 months ended March 31, 2013 in relation to the Service Plan published in February 2012.

The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2013 have been considered in preparing the report. The report contains estimates and interpretive information that represents the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2012/13 – 2014/15 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



Judy Rogers
Chair

Our Strategic Framework

Mandate, Vision and Values

Our mandate is to fulfill the provincial government's commitment to the development, management and administration of subsidized housing as set out in the Government's Letter of Expectations and as reflected in an Order-in-Council under the *Ministry of Lands, Parks and Housing Act* which established the British Columbia Housing Management Commission (BC Housing) in 1967. Our mandate also includes responsibilities for the administration of the *Homeowner Protection Act*, which entails strengthening consumer protection for buyers of new homes and helping bring about improvements to the quality of residential construction.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect, commitment, service and accountability.

HOUSING MATTERS BC – A HOUSING STRATEGY FOR BRITISH COLUMBIA

As set out in the Government's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy, *Housing Matters BC*.

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by *Housing Matters BC*. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is a major contributor in ensuring these goals are met through a variety of programs and partnerships.

1. The homeless have access to stable housing with integrated support services
2. B.C.'s most vulnerable citizens receive priority for assistance
3. Aboriginal housing need is addressed
4. Low-income households have improved access to affordable rental housing
5. Homeownership is supported as an avenue to self-sufficiency
6. B.C.'s housing and building regulatory system is safe, stable and efficient

The Government's Letter of Expectations

The Government's Letter of Expectations (GLE) describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The GLE ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations.

BC Housing's core business areas and services are aligned to fulfill its mandate, government's expectations and policy directions under *Housing Matters BC*. The chart below summarizes key directions established in BC Housing's GLE and key accomplishments for 2012/13.

GLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
▪ Work with the Ministry Responsible for Housing to address critical gaps across the housing continuum through a variety of partnerships that integrate new housing options and improve access to housing and services, while identifying ways to further support the government's goal of putting families first	▪ Created 155 new supportive housing units for individuals who are homeless or at risk of homelessness under the *Provincial Homelessness Initiative* ▪ Completed 284 units across the province with over 899 units under development for individuals who are homeless or at risk of homelessness through *Memoranda of Understanding* agreements with local governments ▪ Began work to renovate and restore 13 provincially owned single room occupancy hotels in Vancouver's Downtown Eastside to provide access to clean and safe social housing through a public-private partnership ▪ Created 35 permanent shelter spaces under the *Emergency Shelter Program*, and housed 6,700 homeless people through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach* Program and gateway services offered through the *Emergency Shelter Program* ▪ Created 204 new units of affordable housing for a range of groups under *Community Partnership Initiatives* ▪ Completed 155 units under the *Seniors' Rental Housing* initiative ▪ Completed 24 units under the *Aboriginal Housing Initiative* to create safe, secure and culturally-appropriate housing for Aboriginal people living off-reserve ▪ Created 50 units through the Canada/BC Investment in Affordable Housing Agreement and an additional 97 units under various programs for families and individuals in need

GLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
▪ Support a strong non-profit housing sector by taking steps to strengthen relationships and build capacity	▪ Continued to work with BC Non-Profit Housing Association (BCNPHA) to carry out research and to develop tools and strategies that will enable non-profit housing operators to make successful transitions at the end of their operating agreements ▪ Provided funds to enable housing providers to complete small-scale energy saving retrofits in partnership with BCNPHA and BC Hydro ▪ Developed a capital planning initiative for housing providers in partnership with BCNPHA ▪ Partnered with BCNPHA to deliver education and training webinars to non-profit housing providers on various topics such as mortgage financing, tenant selection, expiry of operating agreements and fire safety training
▪ Continue to work with the Ministry to ensure good governance and ensuring processes are in place for the successful planning and procurement of new capital projects	▪ Appointment of a full Board of Commissioners to strengthen governance and oversight ▪ Created a Capital Review Committee to provide oversight for capital projects, including approving and monitoring an annual capital plan ▪ Participated in quarterly meetings with Ministry counterparts
▪ Continue to promote market housing affordability including work with the Ministry to further define goals and strategies	▪ Provided 26,968 families and seniors with rent assistance in the private market through the *Rental Assistance Program* and the Shelter Aid for *Elderly Renters* program since the programs began ▪ Adapted 213 homes to allow seniors and people with disabilities or diminished abilities to continue to live in the comfort of their home through the *Home Adaptations for Independence* program ▪ Arranged financing for non-profit societies to create self-sustaining, affordable housing developments for low- and moderate-income households through the *Community Partnership Initiatives* program

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy, called *livegreen: Housing Sustainability Plan* recognizes the significant role that we can play to promote sustainability in our activities and more broadly within the housing sector. We accomplish this through taking actions in three areas:

- Buildings – striving towards innovation in design, construction and management of social housing buildings;
- Change Agent – guiding and supporting others in taking actions towards sustainability; and
- Integration – integrating financial, social and environmental considerations in decision making.

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint. We report our performance through the "Reduction in Greenhouse Gas Emissions" performance measure in this Annual Report.

Our significant reduction in greenhouse gas emissions in public housing buildings and offices contributed to BC Housing remaining carbon neutral in 2012. Please visit BC Housing's website to view the *livegreen* plan.

livegreen

Serving British Columbians

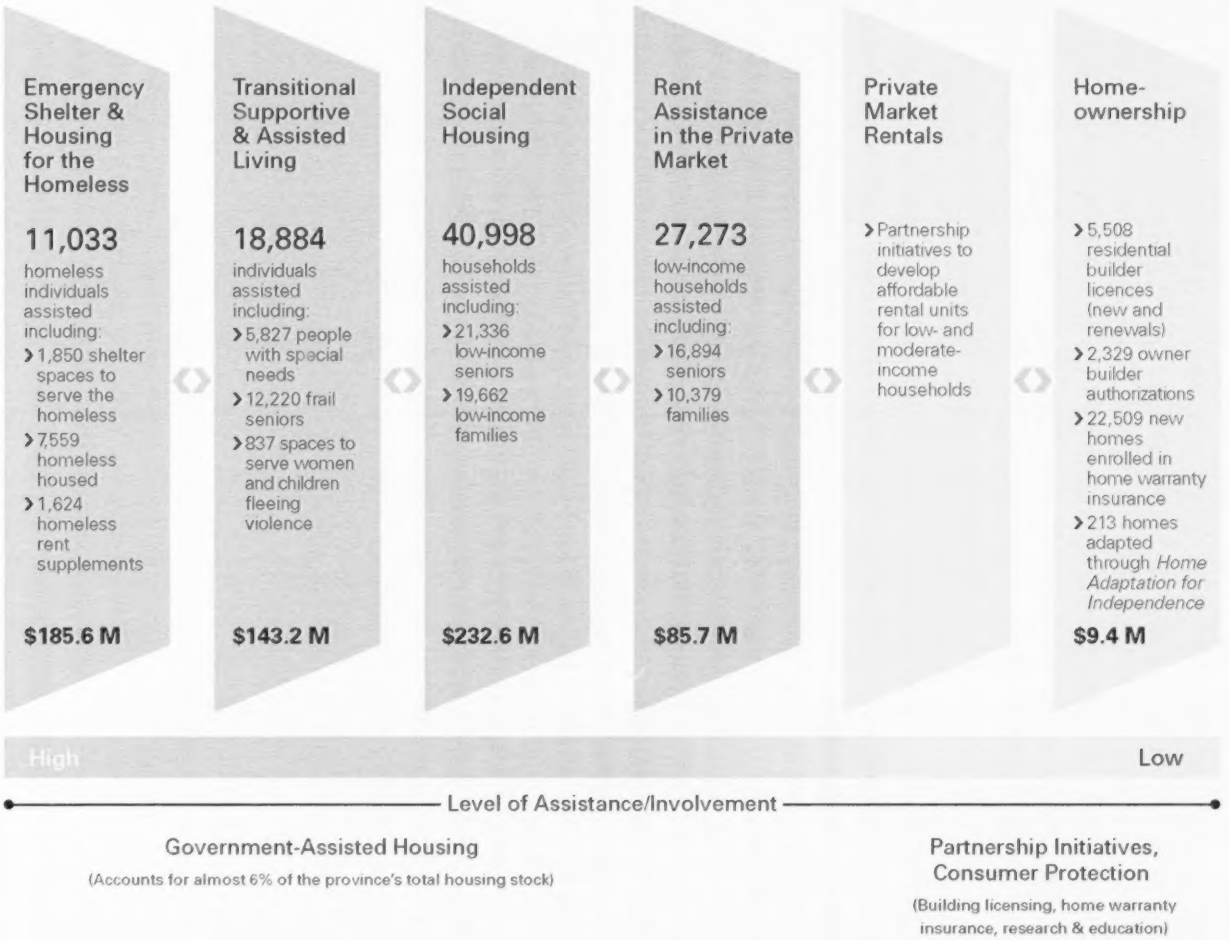
BC Housing's role in the housing continuum

The housing continuum illustrates the full range of possible housing alternatives. A portion of the continuum (around six per cent of the total housing stock in the province) is Government Assisted housing with varying levels of support services provided. The majority of housing (around 94 per cent) is in the private market.

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the housing continuum. To develop a range of housing options for those who are vulnerable, BC Housing works in partnership with the private and non-profit sectors, provincial health authorities and ministries, other levels of government and community groups. Our partners have the expertise to identify the appropriate housing needs of their client groups and to deliver the support services needed for successful tenancies.

Through responsibilities under the *Homeowner Protection Act,* BC Housing also plays an important role with the homeownership sector by licensing residential builders, administering owner builder authorizations, overseeing the third-party home warranty insurance system and carrying out research and education to improve the quality of construction of new homes.

The diagram below illustrates the housing continuum in the province and BC Housing's contribution to it.


Emergency Shelter & Housing for the Homeless
11,033
homeless individuals assisted including:
› 1,850 shelter spaces to serve the homeless
› 7,559 homeless housed
› 1,624 homeless rent supplements
$185.6 M
Transitional Supportive & Assisted Living
18,884
individuals assisted including:
› 5,827 people with special needs
› 12,220 frail seniors
› 837 spaces to serve women and children fleeing violence
$143.2 M
Independent Social Housing
40,998
households assisted including:
› 21,336 low-income seniors
› 19,662 low-income families
$232.6 M
Rent Assistance in the Private Market
27,273
low-income households assisted including:
› 16,894 seniors
› 10,379 families
$85.7 M
Private Market Rentals
› Partnership initiatives to develop affordable rental units for low- and moderate-income households
Home-ownership
› 5,508 residential builder licences (new and renewals)
› 2,329 owner builder authorizations
› 22,509 new homes enrolled in home warranty insurance
› 213 homes adapted through Home Adaptation for Independence
$9.4 M
High
Low
Level of Assistance/Involvement
Government-Assisted Housing
(Accounts for almost 6% of the province's total housing stock)
Partnership Initiatives, Consumer Protection
(Building licensing, home warranty insurance, research & education)

Government assisted housing

This housing ranges from emergency shelter through to rent assistance in the private market. In partnership with some 800 housing providers – mostly non-profit and housing co-operatives – over 98,000 households in 200 communities were assisted through subsidized housing in 2012/13. The level of support service provided ranges from high to low depending on the needs of the clients served, as described below.

Emergency Shelter and Housing for the Homeless

Homelessness is a concern for many communities throughout B.C. This section of the continuum serves people who are homeless, or at risk of homelessness, and require housing with integrated supports. Some reports estimate the cost of homelessness to the health, social, and justice systems to be over $55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).

Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of life events, including disabilities, health and mental health issues, addictions, social exclusion, joblessness, inadequate access by refugee claimants to settlement services or a breakdown of relationships.

Transitional Supportive and Assisted Living

This part of the continuum serves three major tenant groups: women and children fleeing violence, individuals with special needs and frail seniors.

Transitional housing is an interim step towards a longer term housing solution; it is available for those who may be in need of short-term housing such as women and children fleeing domestic violence. Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals. From 1999 to 2004, it is estimated that more than 100,000 women in B.C. were victims of spousal violence (Statistics Canada, 2006). As of this year, women without legal status in Canada are eligible for all *Women's Transition Housing and Supports* programs funded by BC Housing.

Supportive and assisted living is available for those in need of additional supportive services that include the provision of on- or off-site support services. People who require special needs housing include those living with severe physical disabilities or mobility issues, developmental disabilities, chronic mental illness, those living with HIV/AIDS, and drug and alcohol dependencies. Frail seniors and individuals with special needs require a range of support services to help them have more stable lives, and supportive housing allows them to live independently. While ensuring that adequate supports are in place for these clients, additional programs are also in place to help people move towards independence and self-sufficiency where possible.

It is anticipated that the population of seniors will increase from 15 per cent of B.C.'s population in 2009 to 24 per cent in 2036. The age 80+ senior population (frail seniors) will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats, 2012). Some of the senior demographic will also have income issues, which will increase demand for social housing.

Independent Social Housing

In B.C. the majority of government assisted housing is provided through independent social housing. Independent social housing typically does not require additional support services for tenants, although many housing providers are noting greater support needs among their tenants.

Rent Assistance in the Private Market

Rent assistance programs maximize the availability of existing rental units within the private market, which in turn provides options for those seeking housing. Rent assistance programs such as *Rental Assistance Program* and *Shelter Aid For Elderly Renters* support people to remain in their current communities while maintaining independence.

Private market housing

The majority of British Columbians are housed successfully in the private housing market. However, households spending 50 per cent or more of their income on rent for adequate housing are considered to be in highest need and at risk of economic eviction or homelessness. 2006 Census data shows there are over 64,900 households that are unable to find suitable housing in the private market and indicators suggest that this trend is increasing.

Private market rentals

Developments that provide affordable housing units within the private market may have either all or a portion of the available units priced at or below market rent levels. Units may be rented at market rents, or slightly below market rent, often referred to as "low end of market rent". Similar to rent assistance in the private market, this stage of the continuum provides more housing options for low- to moderate-income households. This housing is typically developed by non-profit housing providers in partnership with BC Housing.

Homeownership

Our primary role with respect to this part of the housing continuum is through the *Homeowner Protection Act* whereby we license residential builders, ensure that new homes are enrolled in home warranty insurance, and administer owner-builder authorizations. Additionally we focus on enhancing consumer protections through overseeing the third-party home warranty insurance system and carrying out strategic research and education initiatives to improve the construction quality of new homes.

BC Housing also administers the *Home Adaptations for Independence* program to help low-income seniors and people with disabilities finance home modifications for accessible, safe and independent living.

Using BC Housing's 2012/13 data, the map on the following page shows our service regions and the number of households assisted through subsidized housing. Using 2006 Census data[1], the map shows the total number of households in our service regions and the total number of households spending greater than 50 per cent of their income or more on rent.

Aboriginal individuals and families

Aboriginal people tend to be over represented in housing need categories across the continuum. The 2006 Census identified that off-reserve Aboriginal households represented 4.5 per cent of all B.C. households, but 6.9 per cent of all households in core housing need. The 2006 Census also identified that 21.1 per cent of off-reserve Aboriginal households are in core housing need compared to 13.4 per cent of all non-Aboriginal households. Aboriginal people are also over represented among those who are homeless or at risk of homelessness. For example, according to the results from the 2011 Metro Vancouver Homeless Count, 27 per cent of the homeless individuals found in Metro Vancouver identified as an Aboriginal person.

While partnerships and programs exist specifically to support Aboriginal households, Aboriginal individuals and families are also supported by all programs across the housing continuum.

[1] 2011 data from Statistics Canada will be available in the coming months.

*On April 1, 2012, the Fraser and Vancouver Coastal regions merged and are now referred to as the Lower Mainland region.

INTERIOR	
Total number of households	285,025
Households spending > 50% of their income on rent	8,700
Households assisted through subsidized housing	13,750
NORTH	
Total number of households	107,400
Households spending > 50% of their income on rent	2,600
Households assisted through subsidized housing	4,817
VANCOUVER ISLAND	
Total number of households	304,415
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	16,327
LOWER MAINLAND*	
FRASER	
Total number of households	520,130
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	28,795
VANCOUVER COASTAL	
Total number of households	426,170
Households spending > 50% of their income on rent	23,300
Households assisted through subsidized housing	34,499

How We Serve British Columbians

Every aspect of BC Housing's business is centered around our clients. We create relationships with key partners to deliver the best services possible. Below are descriptions of how we do business in partnership.

Delivery Partners

Housing assistance is provided through public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. We work in partnership with more than 800 non-profit housing societies, housing co-operatives and group home operators to provide safe and affordable housing for people in need. We also partner with private operators to provide rent supplements for low-income seniors and people with disabilities living in private assisted living facilities and provide rent assistance for low-income families in the private rental market.

Service Partners

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities, Community Living BC and service providers, such as those serving people with developmental disabilities, homeless individuals, refugee claimants at risk of homelessness, as well as women and children at risk of violence.

Contributing Partners

The investment required to create new social housing necessitates partnership models. Our approach seeks to combine resources and expertise from a wide range of partners, including other levels of government. For example, municipal governments contribute through expediting approval processes, waiving development construction costs and offering reduced property taxes, as well as making land available for new housing. The federal government contributes capital funding to support new and existing social housing. The funding provided by the federal government allows existing social housing in B.C. to be more sustainable through renovation and retrofits, and supports the province to address the needs of the most vulnerable citizens through construction of new social housing. Please visit the BC Housing website for more information on the Canada-BC Agreement for Investment in Affordable Housing.

Creating new social housing relies on significant contributions from the non-profit housing sector, recognizing the considerable equity and expertise in the sector to pursue new housing opportunities. In addition, contributions made by charitable organizations, such as the Streetohome Foundation in Vancouver and Columbia Basin Trust, have become a critical component of success in many communities.

Industry and Regulatory Partners

BC Housing works with a wide range of industry partners to strengthen consumer protection for buyers of new homes. Partners include Licensed Residential Builders and Building Envelope Renovators, warranty insurance providers, insurance brokers acting as agents for warranty providers, industry associations, other regulatory agencies such as the Financial Institutions Commission, the Insurance Council of BC, the Real Estate Foundation, the Real Estate Council of BC, educational organizations and building officials. Most recently we have formed a partnership with the Professional Builders' Institute to develop a system of builder qualifications as part of the Homeowner Protection Office's licensing function.

Research and education activities to improve the quality of residential construction are funded primarily by builder license fees and owner-builder authorizations. A joint delivery model, where BC Housing works with key industry groups and other levels of government, has been an effective way to identify required research and to lever and attract additional funding for cost effective research and education initiatives in the residential construction sector. Having the key strategic partners at the table ensures the research will be robust, and the findings and new business practices will be adopted, thus ensuring continued business improvements in the residential construction industry.

We also work with industry and regulatory partners to support sustainability in the design, construction and management of housing across the continuum. This is done through sharing best practices, developing education materials and conducting research.

Policy Partners

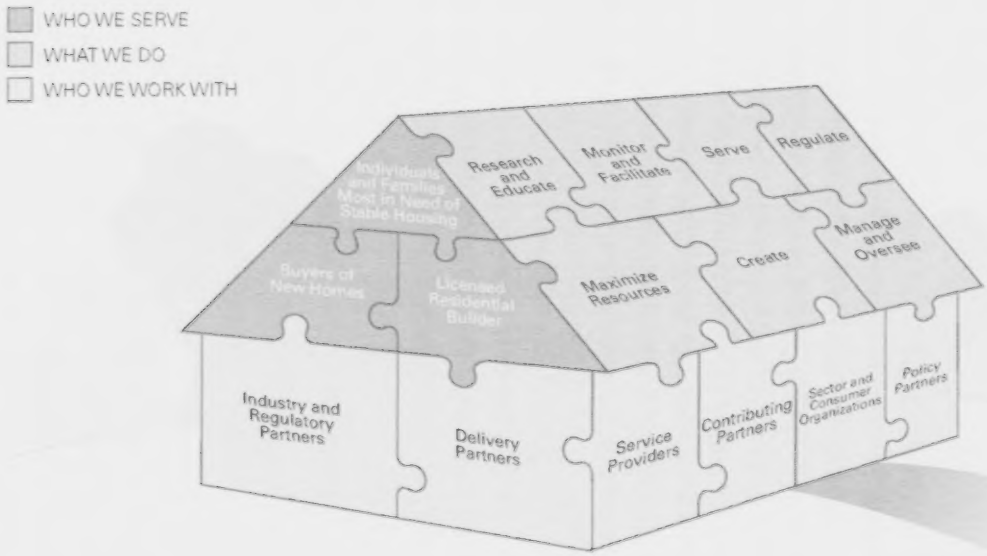
Our policy partners within the Ministry's Office of Housing and Construction Standards are responsible for provincial housing policy, building and safety standards and residential tenancy. By working together, government is able to ensure that BC Housing's programs and services are integrated and aligned with the provincial housing policy. Our partners across government also include the Ministries of Social Development, Health Services, Aboriginal Relations and Reconciliation, and Children and Family Development.

Sector and Consumer Organizations

BC Housing works collaboratively with housing sector and consumer organizations to create better outcomes and build stronger communities. Organizations include the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, Shelter Net BC, BC Society of Transition Houses, the Aboriginal Housing Management Association, the Greater Vancouver Shelter Strategy, and consumer organizations such as the Condominium Home Owners Association of BC.

Key Relationships

The diagram below illustrates BC Housing's relationships with our key partners and how we work together to provide housing options and strengthen consumer protection.



Organizational Structure

Corporate Governance

Board of Commissioners

BC Housing is responsible to the Minister Responsible for Housing through a Board of Commissioners. The government appoints the board to oversee policy implementation and direction and, in cooperation with senior management, to set strategic direction. The board also monitors BC Housing's performance based on the province's planning and reporting principles. The board delegates responsibility for the day-to-day leadership and management of BC Housing to the Chief Executive Officer.

The board's governance processes and procedures are guided by the Best Practices Guidelines on Governance and Disclosure for Public Sector Organizations as well as other resources such as those published by the Office of the Auditor General. Through the board's Corporate Governance Committee, work is underway to bring practices in line with those required by the Board Resourcing and Development Office, including establishing regular board evaluations and creating programs for board training and succession planning. Please see www.bchousing.org/aboutus/about/governance for more information.

Committees of the Board

A new Board of Commissioners was appointed in April 2012. They include: Judy Rogers (Chair), Melvin Kositsky, Sabrina Kunz, Robert Rennie and Faye Wightman. Four standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities:

1

Audit and Risk Management Committee

Chair: Judy Rogers

Ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

2

Corporate Governance Committee

Chair: Sabrina Kunz

Ensures that BC Housing develops and implements an effective approach to corporate governance, enabling the business and affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

3

Human Resources Committee

Chair: Faye Wightman

Provides a focus on senior management human resource and compensation matters.

4

Capital Review Committee

Chair: Robert Rennie

Provides oversight with respect to capital projects including approving and monitoring an annual capital plan.

Committee membership is comprised of a minimum of three Commissioners including the Committee Chair. The Capital Review Committee was initiated in 2012/13 to enhance BC Housing's governance oversight regarding capital planning. BC Housing has an internal audit function that assures appropriate controls are in place to support business objectives within an acceptable risk framework. The Internal Audit department reports to the board through the Audit and Risk Management Committee, and also reports administratively to the Chief Financial Officer.

Standards of Conduct

BC Housing's Standards of Conduct guide the conduct for the board, employees, consultants, contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- To act honestly, in good faith and in the best interests of BC Housing;
- To exercise care, skill and diligence in decision making; and
- To follow ethical standards to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

Organizational Chart

The following chart highlights BC Housing's core business areas and the responsibilities and accountabilities in each area.

Minister of Energy, Mines and Natural Gas and Minister Responsible for Housing, *Honourable Rich Coleman*

Board of Commissioners, *Judy Rogers, Chair*

Chief Executive Officer, *Shayne Ramsay*

OPERATIONAL BRANCHES

Operations
Vice President: Craig Crawford

- Provides access to existing subsidized housing
- Maintains the quality of existing social housing
- Oversees the management of public housing and group homes
- Administers operating agreements with housing providers
- Builds/leads relationships with housing providers

Development Services
Acting Vice President: Armin Amrolia

- Facilitates the creation of new housing through a range of programs

Homeowner Protection Office
Vice President and Registrar: Wendy Acheson

- Carries out statutory responsibilities under the *Homeowner Protection Act* as Registrar of builder licensing and owner builder exemptions, and ensures compliance with the Act
- Monitors and facilitates the performance of the third-party home warranty insurance system
- Administers the *Home Adaptation for Independence* program

Asset Strategies
Acting Vice President: Michael Pistrin

- Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing
- Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing

CORPORATE SUPPORT BRANCHES

Corporate Services
Vice President and Chief Financial Officer: Dan Maxwell

- Provides regulatory administration, finance, information systems, research and education, planning, program analysis, and legal services
- Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation

Human Resources
Vice President: Agnes Ross

- Recruits and trains staff
- Facilitates labour relations, negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism
- Oversees occupational health and safety and business continuity
- Develops leadership, employee engagement and retention strategies

Corporate Communications
Acting Vice President: Kathleen Vincent

- Provides a broad range of internal and external communication services including strategic communication strategies, media relations, issues management, housing events / announcements, government and stakeholder relations, website management and publications

The Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1961 under the *Company Act* and exists solely as BC Housing's land-holding company. It holds provincially owned social housing properties including public housing, and leases residential properties to non-profit societies and co-operatives. The Minister Responsible for Housing is the sole shareholder of PRHC. PRHC does not employ any staff and is administered by BC Housing with the executive serving as the Board of Directors. Its financial statements and activities are reported to the BC Housing Board of Commissioners to increase oversight and transparency. Annual audited financial statements are posted on BC Housing's website.

Strategic Risks and Operating Context

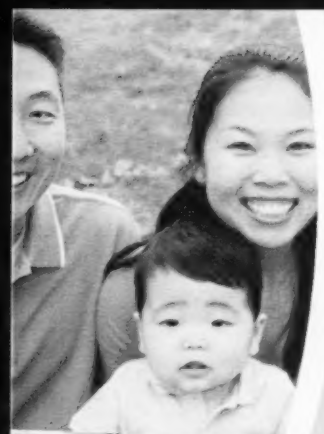
BC Housing uses an enterprise risk management approach to assess our operational capacity to achieve our strategic priorities. Our approach acknowledges that strategic opportunities and risks often go hand-in-hand. The table below provides a summary of BC Housing's operating environment, identifying significant risks and opportunities that had an impact on our performance in 2012/13, and how they were managed.

The quantitative impact on our performance is further discussed in the Report on Performance section on page 23 and Management Discussion and Analysis section on page 44.

Offsetting risks and pressures with opportunities in other areas provided the capacity required for BC Housing to meet its performance objectives in 2012/13.

RISKS	DESCRIPTION	RESPONSE
Mortgage and Interest Rate Fluctuations	Mortgage rates continued to drop in the 2012/13 fiscal year, and reached record lows, with takeout rates coming in close to one per cent lower than budgeted	▪ This reduced the operating costs for housing providers, which in turn reduced BC Housing's subsidy expenditures
Utility Costs	The cost of natural gas increased in 2012/13	▪ This cost increase was two per cent lower than anticipated in BC Housing's budget, resulting in budget savings; the adoption of water meters in renovated buildings in Vancouver resulted in a reduction in water and sewer utility costs
Volatility of the Global Financial Market	Financial market volatility presented BC Housing with a potential risk in the rate of return on investments	▪ Prudent investment management practices mitigated this risk and have allowed BC Housing to exceed the investment benchmarks that were established prior to the start of the 2012/13 fiscal year
Demand for Housing and Supportive Programs	The demand for affordable housing continues to exceed the supply of resources as indicated by the more than 13,900 applicants currently listed in The Housing Registry	▪ Completed over 1,000 new units in 2012/13, and made rent assistance available to eligible applicants ▪ Redirected savings from development projects allowed BC Housing to maximize opportunities to address this demand

RISKS	DESCRIPTION	RESPONSE
Potential Loss of Social Housing Stock	Aging impacts the physical condition of buildings, their environmental footprint and housing providers' ability to respond to people's housing needs The expiry of operating agreements with non-profit social housing providers has the potential for a negative impact on tenants, the social housing sector and on BC Housing's ability to meet its strategic priorities	▪ Supported the non-profit housing sector to carry out portfolio/capital planning and energy management ▪ Initiated public-private partnership to renovate 13 single room occupancy hotels in Vancouver's Downtown Eastside ▪ Realigned our services to better support the needs of non-profit housing providers ▪ Worked with BC Non-Profit Housing Association to conduct research, including interviews with service providers, to better understand the challenges of delivering these programs and the service capacity needed to keep this client group housed ▪ Worked with individual housing societies to develop and implement options for their buildings with operating agreements at or close to expiry ▪ Collaborated with our provincial and territorial colleagues across Canada who have identified the same risk
Employee Engagement and Recruitment	This is associated with BC Housing's ability to retain staff over the long-run, attract people with needed skill sets to replace an aging workforce over the next five to 10 years, and to provide support and training to current staff	▪ Continued to deliver our robust *People Strategy* with a focus on leadership and learning, training and development, recruitment, engagement and social and environmental responsibility, and provided employee programs such as *Community Connections* and *Leadership Development*



Report on Performance

This section sets out BC Housing's Report on Performance for 2012/13. Performance targets were established in the 2012/13 Service Plan for 12 measures for each of our strategic priorities and objectives. Targets for 2013/14 to 2015/16 are also shown for reference.

With a focus on continuous improvement, we strive to ensure the Performance Measurement Framework (PMF) is an effective performance measurement tool, accurately reflects the business and informs our partners and the public of the progress we have made or the challenges encountered throughout the year.

Our PMF was revised for 2012/13 and identified new and refined strategic priorities for BC Housing.

An overview chart of our Performance Management Framework (PMF) for the 2012/13 fiscal year is shown on pages 23 to 25. Further information on our PMF and performance measure targets can be found in the Appendix – Performance Measure Details.

BC Housing Performance Overview – 2012/13

STRATEGIC PRIORITIES & OBJECTIVES	MEASURE	10/11 RESULTS	11/12 RESULTS	12/13 TARGET	12/13 RESULTS	13/14 TARGET	14/15 TARGET	15/16 TARGET
Strategic Priority 1: Support a strong non-profit housing sector								
Collaborate with our non-profit housing partners to ensure long-term provision of social housing	Reduction in the number of indicators requiring follow-up after an operational review	New measure commencing 2012/13		Establish Baseline	87% Baseline established	65% or higher	65% or higher	70% or higher
Strategic Priority 2: Respond to critical gaps along the housing continuum								
Increase housing options	Number of new units/beds created in priority groups	1,812	2,014	827	1,004 Target achieved	1,040	1,157	451
	Number of new households assisted through rent assistance programs	7,406	6,861	6,500	6,685 Target achieved	7,000	7,000	7,000
Available housing targeted to vulnerable citizens	Per cent of clients belonging to priority groups in subsidized housing	86%	88%	84%	89% Target achieved	85% or higher	85% or higher	85% or higher
Provide opportunities for greater housing stability	Per cent of homeless individuals accessing housing who remain housed six months after placement	83%	81%	85%	80% Target not achieved	75% or higher	75% or higher	75% or higher

BC Housing Performance Overview – 2012/13 *(continued)*

STRATEGIC PRIORITIES & OBJECTIVES	MEASURE	10/11 RESULTS	11/12 RESULTS	12/13 TARGET	12/13 RESULTS	13/14 TARGET	14/15 TARGET	15/16 TARGET
Strategic Priority 3: Enhance Aboriginal housing partnerships								
Facilitate opportunities that increase a self-reliant Aboriginal housing sector	Progressive Aboriginal Relations (PAR) Certification	New measure commencing 2012/13; collect baseline information		Bronze	Silver Target achieved	Silver[2]		Silver
Strategic Priority 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections								
Promote consumer protections and compliance with the *Homeowner Protection Act*	Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements and the owner builder exemption	Not Surveyed	80%	84%	83% Target substantially achieved	80% or higher	80% or higher	80% or higher
Strategic Priority 5: Sustainability leader								
Adequate provisions for future requirements	Facility Condition Index	New measure commencing 2011/12	22% (Preliminary Result)	Establish Baseline	15% Baseline established	Maintain baseline	2% increase over 2012/13 baseline	5% increase over 2012/13 baseline
Environmental leadership in the housing sector	Per cent reduction in greenhouse gas emissions[1]	25%	16%	10%	22% Target achieved	10%	10%	10%

[2] The Progressive Aboriginal Relations (PAR) certification is awarded every three years. The bronze designation target was set in our Service Plan for 2012/13-2014/15, however a silver level of performance was achieved and is reflected in the chart.

[1] The results for this measure are based on a calendar year. For example, 2011 results were reported in the 2011/12 Annual Report, results for 2012 are reported in the 2012/13 Annual Report.

STRATEGIC PRIORITIES & OBJECTIVES	MEASURE	10/11 RESULTS	11/12 RESULTS	12/13 TARGET	12/13 RESULTS	13/14 TARGET	14/15 TARGET	15/16 TARGET
Strategic Priority 6: Organizational excellence								
Financial and operating success	Controllable administration costs as per cent of program delivery costs	7.8%	7.2%	10% or less	8.6% Target achieved	10% or less	10% or less	10% or less
	Tenants' rating of BC Housing's service delivery	70%	72%	74%	74% Target achieved	New measure-ment; establish baseline	To be deter-mined	To be deter-mined
High level of employee engagement	Employee engagement index	Top quartile	Top quartile	Top quartile	Top quartile Target achieved	Top quartile	Top quartile	Top quartile

Strategic Priority 1:
Support a Strong Non-Profit Housing Sector

BC Housing supports a strong non-profit housing sector through relationship building and collaboration and through working with our sector partner, BC Non-Profit Housing Association. Non-profit housing providers and BC Housing share a common purpose to provide stable, safe and affordable housing. Together we work toward ensuring the sustainability of the sector and provision of social housing over the long-term. Our mutual success depends on being strategic about priorities and making the best use of our different but complementary capabilities.

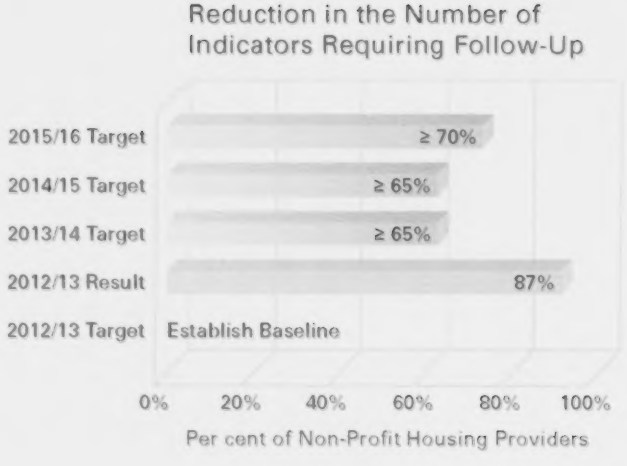
Objective: Collaborate with Our Non-Profit Housing Partners to Ensure Long-Term Provision of Social Housing

MEASURE: REDUCTION IN THE NUMBER OF INDICATORS REQUIRING FOLLOW-UP AFTER AN OPERATIONAL REVIEW

This measure focuses BC Housing's collaborative efforts with non-profit housing providers to improve financial and operational practices within the sector.

With the aim of better supporting the financial and operational practices of the non-profit housing sector, consultations were conducted resulting in the identification of key indicators that form the foundation for the financial and operational review process. These indicators focus on financial and operational practices in the following key areas:

- Property management
- Tenant/client management
- Financial management
- Health and safety
- Support services (if applicable to that site)
- Capital Asset Plan (future).[1]



This measure records the percentage of providers requiring follow-up with five or fewer items, as determined through an operational review conducted by BC Housing in consultation with the non-profit provider. The baseline for this measure was established in 2012/13 and future targets were reported in the 2013/14 Service Plan. The results for 2012/13 indicated that 87 per cent of the providers that completed their operational review required minimal assistance from BC Housing. This positive finding indicates the housing providers reviewed have strong operational and financial practices permitting BC Housing to support providers who need it most.

[1] The Capital Asset Plan is currently monitored under the Facility Condition Index performance measure and these results will inform the operational review measure going forward.

New residential care facility for seniors

Jean loves her new home. The 88-year-old moved into Surrey's brand new Kinsmen Lodge in February 2013, after having spent approximately four months living in the former Kinsmen Place Lodge which the new home replaced.

"It's lovely," said Jean. "I have my own room, whereas before I shared with one other. It's nice to have privacy when you want it. The rooms are large; you can bring in some of your own furniture and put pictures on the walls. The views of Mt. Baker are lovely. It feels like a home."

The 157-unit residential care home has 156 government-funded beds and one private-pay bed for seniors in need of long-term care. BC Housing provided $33.7 million in long-term financing through the *Community Partnership Initiatives* program. The lodge is managed and operated by the Whalley & District Senior Citizens Housing Society.

The building includes a main street with library, tuck shop, and exercise room, a lovely garden, art studio, chapel, hair salon and a multi-purpose room. Each of the seven neighbourhoods has its own dining room, lounge and private bedrooms.

"There are lots of activities, there's always something going on," said Jean, listing exercise classes, tai chi, choir, painting, bingo, java club and pub night as some of the options available. "I can't emphasize enough how kind the staff is. They do their best to make us all feel comfortable. They make us elders feel well looked after and needed. You see age happens, and I am glad at my age I happen to be living at Kinsmen Lodge."

Strategic Priority 2:
Respond to Critical Gaps Along the Housing Continuum

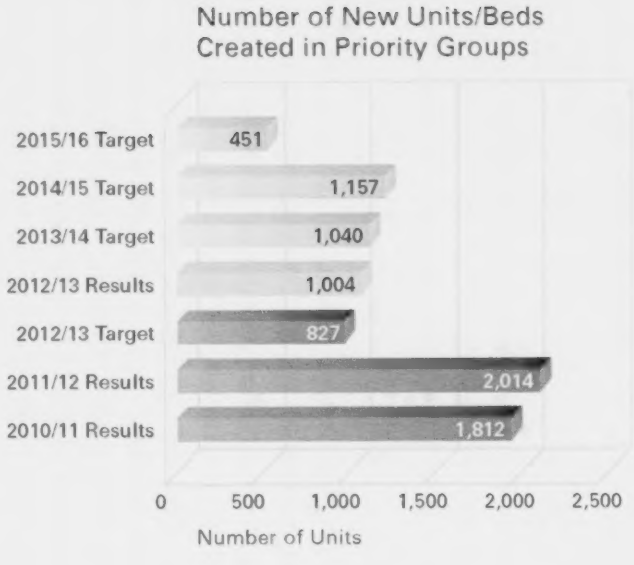
BC Housing responds to critical gaps along the housing continuum and expands the range of housing choices and supports for British Columbians in greatest need of safe, secure and affordable housing. This is carried out with our housing partners.

Objective: Increase Housing Options

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED FOR PRIORITY GROUPS

This measure monitors BC Housing's performance, through partnerships, in creating new units along the housing continuum. Through our programs we are able to add new housing units for priority groups identified as being the most vulnerable, such as frail seniors, Aboriginal households, people with physical and mental disabilities as well as individuals who are homeless.

The targets are based on the completion of new units (or short-stay emergency beds) under existing funding programs, such as the *Provincial Homelessness Initiative, Memoranda of Understanding* with local governments, the *Federal/Provincial Housing Initiative; Canada/BC Investment in Affordable Housing,* the *Seniors' Rental Housing* initiative and *Community Partnership Initiatives.*



Performance Results

In 2012/13, we created 1,004 new units, thereby surpassing the target of 827. This includes 155 units under the *Provincial Homelessness Initiative,* 24 units under the *Aboriginal Housing Initiative,* 204 units under the *Community Partnership Initiatives,* 155 units under the *Seniors' Rental Housing* initiative, 50 units under the *Canada/BC Investment in Affordable Housing* and 284 units created under *Memoranda of Understanding* with local governments. In addition, there were 35 short-stay shelter spaces and another 97 units under various programs were created. These units were added in 19 communities across the province.

Objective: Increase Housing Options *(continued)*

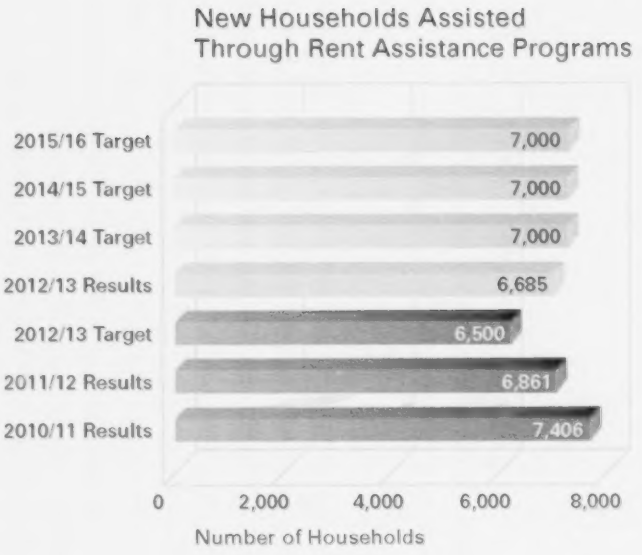
MEASURE: NUMBER OF NEW HOUSEHOLDS[1] ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

This measure reports on the performance BC Housing's rent assistance programs, *Rental Assistance Program* and *Shelter Aid for Elderly Renters* in improving access to affordable rental housing within the private market for low-income households.

These programs assist working families and seniors who do not have enough income to secure affordable housing by bridging the gap between market rents and what a household can afford.

Performance Results

In 2012/13, 6,685 new households received financial assistance. This includes 3,698 low-income families and 2,987 senior households, surpassing the target of 6,500 new households for 2012/13. Although, the target was exceeded, as indicated in 2011/12, the result indicates a levelling off of the number of applicants. This is in line with expectations regarding program enrollment over time, with a moderate increase forecast over the next three years.



[1] A new household is defined as a household that is receiving rent subsidies for the first time, or a household that is re-entering the relevant program after a minimum of three months without any subsidy. Please see Appendix – Performance Measure Details for more information.

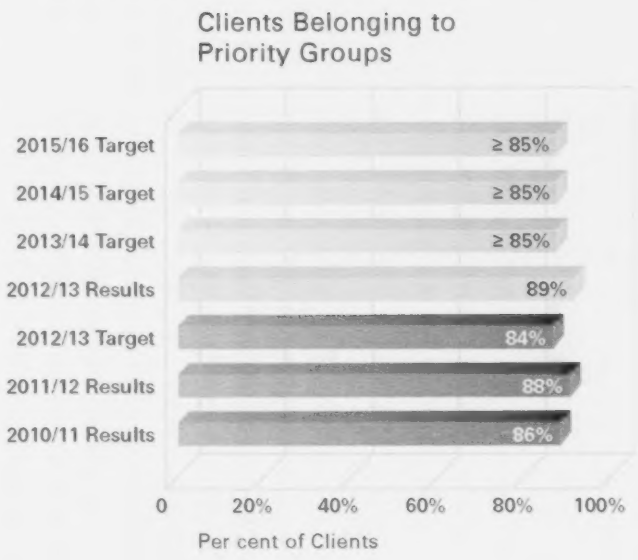
Objective: Available Housing Targeted to Vulnerable Citizens

MEASURE: PER CENT OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Through this measure BC Housing's performance on ensuring those in greatest need receive priority assistance is reported.

Priority groups, for the purposes of this measure, are identified as:

- Low-income or frail seniors
- People with physical or mental disabilities
- People with a mental illness
- Women and children who have experienced domestic violence
- Individuals facing alcohol and drug addiction challenges
- Aboriginal families and individuals
- Those who are homeless or at risk of homelessness.



The targets are set to reflect the projected number of households in government assisted housing within one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups.

Performance Results

As of March 31, 2013, 89 per cent of all households receiving assistance were within one of the identified priority groups, exceeding the target of 84 per cent. This increase reflects the creation of new subsidized housing as well as an increase in the number of units adapted for higher priority needs.

Objective: Provide Opportunities for Greater Housing Stability

MEASURE: PER CENT OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Measuring the percentage of homeless individuals accessing housing and remaining housed six months after placement enables us to monitor and assess the performance outcomes of programs and initiatives intended to break the cycle of homelessness. Generally, the longer an individual is housed, the greater the likelihood they will remain housed.

This measure takes into account the number of homeless people who have remained housed six months from their housing date through the *Emergency Shelter Program, Homeless Outreach Program* or *Aboriginal Homeless Outreach Program*. Only clients whose housing status can be verified at the six month anniversary of being housed are included in this measure.

Homeless Individuals Accessing Housing Who Remain Housed Six Months After Placement

Performance Results

Eighty per cent of the individuals housed through the homeless outreach programs from April 1, 2012 to March 31, 2013 remained housed after six months, below the target of 85 per cent. The overall result is an average of the number of individuals housed through the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program* (81 per cent) and the *Emergency Shelter Program* (78 per cent).

Some clients require multiple attempts at being housed before they successfully remain housed for an extended period of time. When examined at a regional level, three of the five regions are exceeding the target of 85 per cent, while two are below:

Vancouver Coastal – 68 per cent; Interior – 78 per cent; North – 87 per cent; Vancouver Island – 88 per cent; Fraser – 88 per cent.

The outreach and health-related housing support services have reached their maximum capacity, and performance results have stabilized. Going forward, it will be a stretch target to ensure we achieve 75 per cent or greater given the challenges associated with housing individuals diagnosed with multiple health and social challenges, and the service capacity needed to keep this client group housed.

Additional housing and support services earn client's gratitude

Jon used to wake up in the middle of the night to drink. Abusing alcohol and drugs cost him his marriage and his home. His daughter stopped talking to him; his parents lost all faith and trust in him; and he had to give away his beloved dogs. Detox programs and treatment facilities with no second-stage follow-up were not an answer – he would simply start drinking after completing them.

Then Jon found out about Phoenix Society's treatment and housing programs.

"I'd reached the end of my rope," remembered Jon. "I kept thinking I would rebound but I didn't. I needed extended care – beyond the traditional 30 to 90 days offered in rehab."

Jon spent four and a half months at the Phoenix Residential Addiction Services Program.

"My time there allowed me to overcome my fears and anxiety and to regain my mental well-being," he said. "I then moved over to the Phoenix Transitional Housing Program in March 2012. It's a huge part of my recovery as I've been able to stay in contact with people who helped me. This has allowed me to transition successfully to living on my own. I can't say enough how great this program is and how important it is to have this type of housing available."

Jon spoke at the official opening of Quibble Creek Health and Phoenix Transition Housing Centre, which now allows Phoenix Society to offer additional short-term recovery beds, post-treatment studio apartments, a sobering and assessment centre, and other support services to help people facing mental-health issues, problematic substance use or homelessness.

"I've been given a second chance and I'm so grateful. It means a lot that there are more spaces now in the program that helped me and that will help so many others."

Strategic Priority 3:
Enhance Aboriginal Housing Partnerships

BC Housing works with the Aboriginal housing sector to enhance partnerships to address Aboriginal housing need and increase self-reliance within the sector. Aboriginal housing need is a priority issue for BC Housing recognizing that Aboriginal peoples are more likely to be in core housing need and are significantly over represented* within the homeless population.

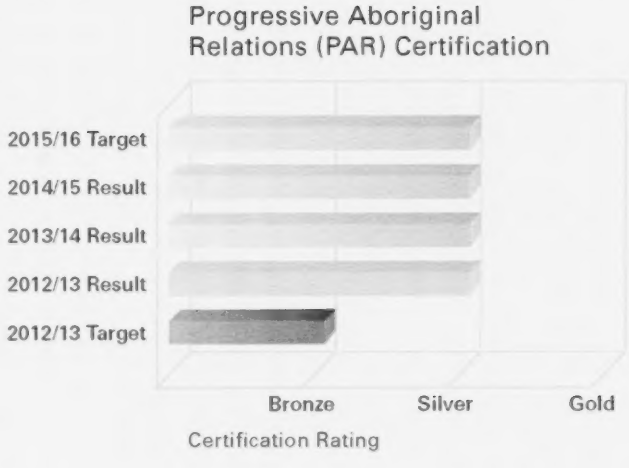
Objective: Facilitate Opportunities that Lead to a More Self-Reliant Aboriginal Housing Sector

MEASURE: PROGRESSIVE ABORIGINAL RELATIONS (PAR) CERTIFICATION

BC Housing recognizes the importance of building strong partnerships with the Aboriginal housing sector as a means of addressing housing needs and supporting the sector towards greater self-reliance.

This measure relies on an existing certification program, the Progressive Aboriginal Relations (PAR) Certification, whereby BC Housing's broad range of initiatives and partnerships with Aboriginal communities are assessed by an independent third-party organization, the Canadian Council for Aboriginal Business (CCAB).

The CCAB assesses our commitment to the Aboriginal sector through four key performance areas: employment, business development, community investment and community engagement. Assessment results are certified at a bronze, silver or gold level, depending on how the organization has demonstrated its performance under the four performance areas.



Performance Results

In 2012/13 BC Housing was awarded a silver designation, surpassing the target of bronze, becoming the first social housing provider in Canada to be certified under the PAR program. This result demonstrates BC Housing's active and on-going commitment to supporting the Aboriginal housing sector and our Aboriginal housing partners.

Work will continue throughout the organization in preparation for the next triennial review which will be conducted in 2015.

Benchmarking is conducted on a national level against other Canadian companies participating in the PAR certification program. Current PAR certified companies include BC Hydro, Canada Post, IBM and BMO Financial Group.

*This certification is awarded every three years. In September 2012, BC Housing was awarded the silver designation.

BC Housing achieves silver designation from the Canadian Council of Aboriginal Business

BC Housing is the first social housing provider in Canada to receive a Progressive Aboriginal Relations (PAR) designation. The silver status title surpassed BC Housing's Service Plan bronze target.

BC Housing CEO Shayne Ramsay accepted the award.

"Addressing Aboriginal housing need is one of the B.C. government's top priorities," said Ramsay. "This award recognizes the work BC Housing is doing to tackle the disproportionate number of Aboriginal people in B.C. who are homeless or living in core housing need. It also draws attention to the work we're doing with the Aboriginal housing sector to enhance partnerships and increase self-reliance."

BC Housing was in good company at the awards with Bruce Power, Nexen and Shell Canada also receiving silver status recognition.

The Canadian Council for Aboriginal Business is a national member-based organization established to foster sustainable business relations between First Nation, Inuit, and Métis people and Canadian business. Its PAR certification program recognizes and supports continuous improvement in Aboriginal relations. It is the premier certification program of its type in the world, assisting organizations in achieving greater results.

Strategic Priority 4:
Help Bring About Improvements in the Quality of Residential Construction and Strengthen Consumer Protections

BC Housing provides, in partnership with industry and consumer organizations, consumer protection for buyers of new homes and works to ensure continuous improvement in the quality of residential construction. These activities help support consumer confidence and a thriving residential construction sector in British Columbia.

Objective: Promote Consumer Protections and Compliance with the *Homeowner Protection Act*

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER-BUILDER EXEMPTION

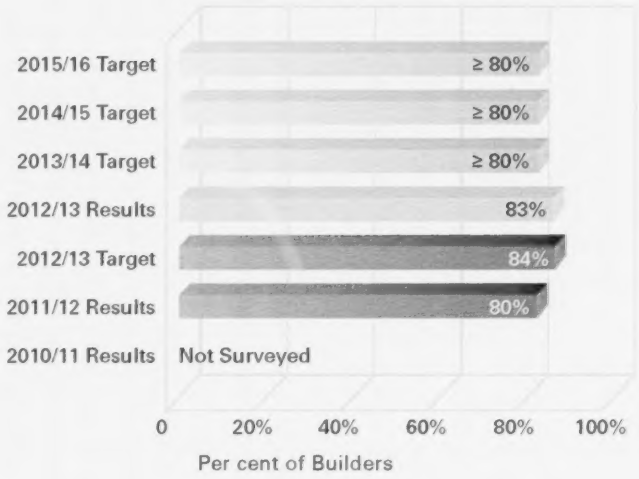
This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system whereby compliance issues are dealt with quickly and effectively by the Homeowner Protection Office. Assessment of performance is best done by industry participants (licensed residential builders) who operate their businesses within the regulatory framework.

Performance Results

The 2012/13 survey was sent to 5,143 builders with 1,477 responding, response rate of 29 per cent. Results show that 83 per cent of builders felt that the effectiveness of the compliance efforts was "very effective" or "effective". The result substantially meets the target of 84 per cent.

It is interesting to note that respondents indicating efforts as "very effective" have increased significantly to 33 per cent in 2012/13 from 23 per cent in 2009/10. Reducing instances of non-compliance continues to be seen as an area for continued business improvement.

Builders' Rating of the Effectiveness of Compliance Effort to Monitor and Enforce Licensing and Home Warranty Insurance



New seismic design guide

The Homeowner Protection Office, a branch of BC Housing released an illustrated guide to help house designers and builders understand and comply with changes to the 2012 BC Building Code.

These changes include new lateral bracing requirements meant to bring a higher level of safety in the event of an earthquake or other significant seismic activity.

"The guide illustrates new requirements using a helpful step-by-step process and provides a flow chart and checklist of design requirements," said BC Housing's Senior Manager, Technical Research and Education, Denisa Ionescu who, with Research Officer Liliana Dominguez, helped coordinate the process of developing the guide. "The October earthquake in the Haida Gwaii region brings home the importance of having well constructed homes that meet Building Code requirements for lateral loadings in high seismic regions of the province."

The guide is a partnership between BC Housing and the government's Building and Safety Standards Branch, the Canadian Home Builders' Association of BC, Building Officials' Association of BC, FPInnovations, and other industry stakeholders.

Strategic Priority 5:
Sustainability Leader

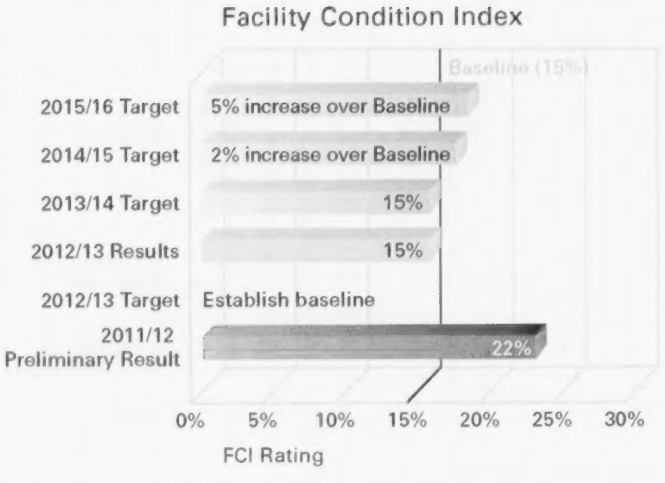
BC Housing works to ensure the long-term sustainability of the social housing stock in British Columbia for the benefit of those in greatest housing need, and while doing so lessen our impact on the environment.

Objective: Adequate Provisions for Future Requirements

MEASURE: FACILITY CONDITION INDEX

As part of BC Housing's focus on continuous improvement, the Facility Condition Index (FCI) measure was introduced as a means of quantifying and measuring the physical condition of the social housing stock. The FCI value is an indication of the condition of the building – a lower value corresponds to a better building condition.

BC Housing uses the FCI to assist with investment decisions and strategic directions regarding capital works and budgets for social housing.



Performance Results

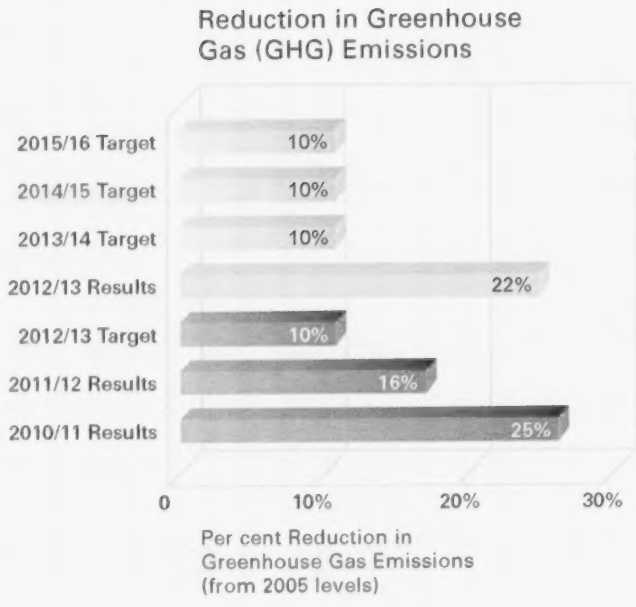
Initially, the baseline for 2011/12 was forecast to be 30 per cent; however, further verification and analysis was required so the baseline year was extended to 2012/13. The FCI is the result of renewal and replacement needs divided by the replacement cost, expressed as a percentage. Based on a sampling of assessed units (a total of 41 per cent of the social housing stock), results have indicated an overall baseline FCI rating of 15 per cent as of March 31, 2013. This positive performance is a result of renovations and repairs carried out through the *Housing Renovation Partnership* and a larger sample of units assessed.

Objective: Environmental Leadership in the Housing Sector

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

This measure tracks BC Housing's progress in reducing greenhouse gas (GHG) emissions and maintaining a carbon neutral status as required by the *Greenhouse Gas Reductions Target Act*.

In 2011/12 the measure was broadened from focusing on directly managed public housing buildings and offices to include the GHG emissions from the entire housing portfolio of buildings owned or leased by BC Housing. This change aligned our reporting to the Carbon Neutral Government Regulation. Targets are set to maintain a 10 per cent reduction in GHG emissions from the 2005 level.



Performance Results

In 2012 total GHG emissions related to energy use for heating and electricity in all buildings owned or leased by BC Housing (including: directly managed buildings, group homes operated by non-profit housing societies, SROs and rural native housing) were reduced by 22 per cent from the 2005 level. This exceeds the target of 10 per cent despite a significant growth in the portfolio (the total floor area increased by 13 per cent in 2012 compared with 2005).

These results can be attributed to multi-year building upgrades and energy program conducted under the *Housing Renovation Partnership* and high energy efficiency standards in our new buildings. The retrofit work included upgrades to heating and lighting systems, window replacement and building envelope repairs.

The total 2012 GHG emissions from buildings was 25,785 tonnes of CO_2e. This represents a six per cent decrease in emissions compared to 2011. In addition, BC Housing emitted 311 tonnes of CO_2e related to fleet vehicles (279 tonnes) and office paper (32 tonnes).

Building Sustainable Housing

With its unique architecture, Skwachàys Healing Lodge at 31 West Pender Street in Vancouver makes a bold statement. The design incorporates heritage conservation and Aboriginal culture. The building provides 24 supportive housing apartments along with 13 units in a Healing Lodge for Aboriginal people travelling to Vancouver for medical services. The building incorporates many sustainability features with the aim of achieving LEED Gold for Homes - Multi-family Midrise, a new program that rates and certifies green residential buildings up to six storeys.

"This category is for the residential portions of a building, rather than the entire building," said LEED Consultant Shaun Martin. "In the case of Skwachàys, certain areas of the building – the art gallery, the storage area, and the commercial kitchen for the Healing Lodge – will not be considered. However, we are aiming to certify the entire building's energy performance."

"One of the things that you can't measure but that could be a building's most important feature is how it makes you feel; its psychological effect," added Martin. "When you create a nice environment to live in, the people who live there will feel better. We're creating a place where people will want to live."

Strategic Priority 6:
Organizational Excellence

BC Housing provides cost-effective solutions and value for money in carrying out our mandate.

In Spring 2012 a new Board of Commissioners was appointed to BC Housing. This is a crucial step towards strengthening our system of governance and work is ongoing to ensure continuous improvement in the area of board governance and oversight.

We will continue to improve our client-focused services, for example, to ensure we continue to be cost effective and culturally appropriate in delivering our programs and services.

Objective: Financial and Operating Success

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PER CENT OF PROGRAM DELIVERY COSTS

This financial measure assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The target of 10 per cent or less is BC Housing's standard based on our performance history and ensures that BC Housing continues to maintain this level of performance.

Performance Results

The results for 2012/13 indicate BC Housing continues to achieve a high level of performance with 8.6 per cent of administration costs as a percentage of program delivery costs. This achieves the target of 10 per cent or less.

BC Housing developed strategies to manage expenditure growth, contain costs and maximize the effectiveness of programs, ensuring BC Housing continues to meet its mandate in a cost effective manner.

Controllable Administration Costs as a Per cent of Program Delivery Costs

Objective: Financial and Operating Success *(continued)*

MEASURE: TENANTS' RATING OF BC HOUSING'S SERVICE DELIVERY

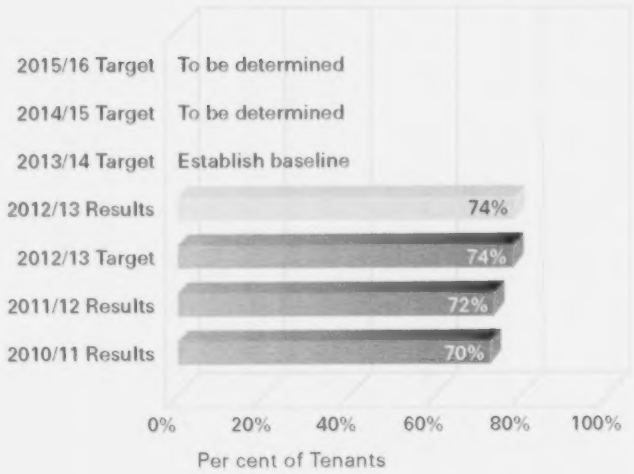
This measure is an important indicator of the quality of our service delivery to tenants in BC Housing's directly managed buildings (public housing).

Prior to 2012/13, we reported on the percentage of tenants reporting satisfaction with the quality and safety of their housing.

Performance Results

In 2012/13 tenants in BC Housing's directly managed properties rated BC Housing staff's overall performance in meeting their housing needs. All households residing in BC Housing's directly managed properties received a survey by mail (6,177 surveys). Tenants were able to complete and submit the survey by mail or online. Approximately 1,540 tenants responded to the survey, representing an overall response rate of 31 per cent.

Tenants' Rating of BC Housing's Service Delivery



Seventy-four per cent of tenants living in housing management by BC Housing reported that they thought BC Housing's service delivery was either "very good" or "good". The performance results have improved since 2011, as a result of completion of extensive renovations in several developments. For the 2013/14 to 2015/16 period we are reviewing our methodology to more clearly focus on BC Housing's performance and identify areas where improvements can be made.

Strategic Priority 6 *(continued)*

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

BC Housing's employees play a critical role in organizational performance. Engagement is a productivity indicator based on the employee experience offered by the organization, recognizing that an engaged employee is one who is fully involved in, and enthusiastic about their work, and who will act in a way that will support the organization as a whole in meeting its goals and objectives.

Our measure is based on BC Housing's annual employee survey, gathering perceptions and feedback on the experience of working at BC Housing. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers throughout North America through standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by the *People Strategy*.

Performance Results

In March 2013, 83 per cent of BC Housing employees participated in the Employee Survey. The results again placed BC Housing in the top quartile of benchmarked employers, meeting our performance target. Specifically, BC Housing maintained an excellent indicator of engagement with 73 per cent agreement when aggregating the 10 benchmark employee engagement questions. In 2005, when the survey was first administered, BC Housing achieved 70 per cent agreement. By 2008, that number had improved to over 79 per cent agreement.

BC Housing was recognized as one of Canada's Top 50 Most Engaged Workplaces for 2012 and one of BC's Top Employers for 2013. The level of employee engagement is further demonstrated through our employee-driven *Community Connections* program. This year, employees raised over $140,000 for charitable organizations, donated over 2,500 items of food, clothing and household goods and volunteered 738 hours for community organizations they believe in.

Organizational Excellence

For the fifth year running, BC Housing has been recognized as one of BC's Top Employers. Awarded by the editors of Canada's Top 100 Employers in partnership with the Globe & Mail, the BC's Top Employers competition honours 55 employers known for providing a positive and progressive employee experience and for offering innovative employee programs.

"We are delighted to continue to be recognized with this prestigious award," said BC Housing's Human Resources Vice President Agnes Ross. "The experience we offer our employees is critical to the work BC Housing does and we are constantly aiming to improve our employee programs and to ensure we continue to create a positive and supportive workplace."

In the company of other great organizations, such as Mountain Equipment Co-op, Best Buy Canada, and Vancity Credit Union, BC Housing ranked highly in the competition's eight categories: Community Involvement; Work & Social Atmosphere; Health, Financial & Family Benefits; Vacation & Time Off; Employee Communications; Performance Management; Training & Skills Development; and Physical Workplace.

"Thank you to everyone for making BC Housing an organization that people continue to talk about in very positive ways," said CEO Shayne Ramsay. "I meet people just about every day who tell me how much they enjoy working with our staff. They see us as energetic and passionate about our work as well as professional and efficient. This award is a reflection of our commitment to making a real difference in the lives of British Columbians."

This award caps off a great year at BC Housing in which we were also recognized as one of Canada's 50 Most Engaged Workplaces.

Management Discussion and Analysis

Operational Overview – 2012/13 Actuals

REVENUES AND EXPENDITURES

Funding		**Expenses**	
Provincial Government	$403.0 M	Emergency Shelter & Housing for Homeless	$185.6 M
Federal Government	$178.3 M	Transitional Supported & Assisted Living	$143.2 M
Tenant Rent	$39.1 M	Independent Social Housing	$232.6 M
Provincial Partnering Ministries	$18.3 M	Rent Assistance in the Private Market (Independent)	$85.7 M
HPO Fees	$4.9 M	HPO Administration, Research & Education	$4.8 M
Other	$13.0 M	*Home Adaptations for Independence*	$4.6 M
Total	**$656.6 M**	**Total**	**$656.5 M**

GOVERNMENT ASSISTED HOUSING (UNITS)*

Emergency Shelter & Housing for Homeless	11,033
Transitional Supported & Assisted Living	18,884
Independent Social Housing	40,998
Rent Assistance in the Private Market (Independent)	27,273
Total Units	**98,188**

CONSUMER PROTECTION & INCREASED QUALITY OF RESIDENTIAL CONSTRUCTION

Residential Builders Licenses (New and Renewals)	5,508
Owner Builder Authorizations	2,329
New Homes Enrolled in Home Warranty Insurance	22,509
Homes Adapted through *Home Adaptations for Independence*	213
Research & Education Initiatives**	

* Due to the diverse number of programs delivered by BC Housing, the term unit may refer to a bed, room, apartment or household assisted through a rental subsidy program. Units may differ between programs and/or within programs, depending on the program delivery requirements and available resources.

** The complete range of research and education initiatives carried out through the Homeowner Protection Office can be found online at www.hpo.bc.ca/technical-research-education.

In 2012/13 BC Housing spent $656.5 million to improve housing options for British Columbians. Services provided ranged from housing supports for the most vulnerable to consumer protection and improved quality of residential construction in the private market. In total, 98,188 households were assisted through subsidized housing, an increase of over 1,000 from the previous year.

Assets and Liabilities

Financial assets decreased 17 per cent over the prior year. The change was primarily due to a $47.5 million decrease in construction loans and a $8.1 million decrease in receivables that were offset by a $8.5 million increase in portfolio investments and a $3.2 million increase in cash. The decrease in construction loans reflects the completion of a number of social housing projects over the last 12 months. The decrease in receivables is due to lower HST receivables caused by the decline in project activity. Improving investment returns have accounted for the rise in the value of the portfolio.

BC Housing's liabilities also declined 17 per cent compared to the prior year. The decrease was primarily due to lower borrowing from Provincial Treasury (a $58.7 million decrease). Amounts due to Provincial Rental Housing Corporation (PRHC) also decreased ($10.8 million) as PRHC paid off a renovation mortgage on one of a directly-owned projects. Society funds held on deposit also decreased ($6.1 million) as several mortgages renewed and societies used these funds to pay down their mortgages. Social Housing Agreement Reserves decreased ($7.2 million) as funds were allocated to a few major renovation projects. Offsetting the decreases in the liabilities was an increase (of $15.9 million) in grants for projects that were not in construction, and a $4.5 million increase in deferred revenues.

Sumary of Financial Results and Budget Projections – 2008/09 to 2015/16

(in thousands of dollars)

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Budget	Budget Variance	Year Variance	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast
Revenues											
Provincial Share*	429,457	390,738	481,472	474,031	421,312	419,754	1,558	(52,719)	392,100	402,007	393,681
Federal Share	142,461	165,245	223,423	239,501	178,251	183,079	(4,828)	(61,250)	167,743	153,983	143,131
Other**	54,730	64,640	59,168	56,074	57,018	56,901	117	944	54,571	54,126	54,118
Total Revenues	626,648	620,623	764,063	769,606	656,581	659,734	(3,153)	(113,025)	614,414	610,116	590,930
Expenditures											
Housing Subsidies	380,981	400,552	552,307	554,113	436,519	435,352	1,167	(117,594)	393,290	387,718	367,205
Rent Assistance	64,022	73,334	76,716	82,327	86,510	87,373	(863)	4,183	91,200	91,224	91,299
Building Repairs and Maintenance	60,629	32,849	24,788	24,089	25,013	26,620	(1,607)	924	22,519	24,027	24,169
Operating Costs	55,772	62,889	51,021	47,744	47,279	47,532	(253)	(465)	45,147	45,761	46,652
Other	65,153	50,973	59,181	61,279	61,218	62,857	(1,639)	(61)	62,258	61,386	61,605
Total Expenditures	626,557	620,597	764,013	769,552	656,539	659,734	(3,195)	(113,013)	614,414	610,116	590,930
Surplus from operations	91	26	50	54	42	-			-	-	-
Total Debt	75,201	53,026	110,475	140,919	82,235	135,919	(53,684)	(28,240)	130,919	142,919	142,919
Accumulated surplus from operations***	1,473	1,499	4,717	4,742	4,748	4,742	6	31	4,742	4,742	4,742
Capital Expenditures	14,995	6,610	3,595	4,772	5,531	5,000	554	(1,959)	5,000	5,000	5,000

*In 2012/13 this includes funding of $390.7 million provided directly by the Province to BC Housing, $12.3 million from the *Housing Endowment Fund,* $16.4 million through other provincial ministries and $1.9 million from the Provincial Rental Housing Corporation.

**This includes tenant rent and revenues from other sources.

***$3.2 million of retained earnings from the Homeowner Protection Office were transferred to BC Housing in 2010/11.

Revenues

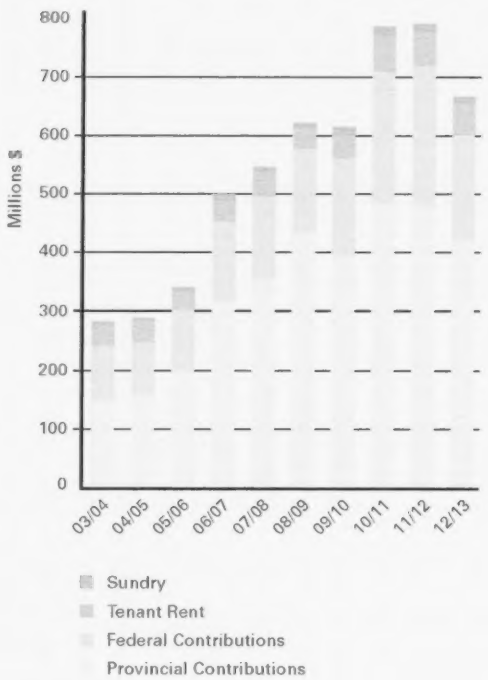
The chart above shows BC Housing's actual and forecasted revenues and expenditures from 2008/09 to 2015/16. Total revenues for 2012/13 were $656.6 million. This was $113.0 million, or 14.7 per cent lower than the previous year. This net decrease reflects changes in provincial and federal contributions and other internal revenues.

- Changes in provincial revenue consisted primarily of:
  - Last stages of completion of provincial infrastructure grant initiatives resulted in a $45.7 million decrease;
  - Last stages of completion of capital housing projects for the homeless through the *Memoranda of Understanding* with municipalities (MOUs) resulted in a $45.8 million decrease;
  - Funding of operating costs for completed MOUs through the *Housing Endowment Fund* resulted in a $6.4 million increase;
  - One time Capital Call funding was provided for new projects and renovations of existing projects resulting in an increase of $19.5 million;

- A new ongoing provincial *Capital Renovation Funding* initiative to renovate and modernize aging public housing stock resulted in an increase a $4.7 million;
- BC Housing's Public Private Partnership (P3) to renew 13 Single Room Occupancy hotels in Vancouver's Downtown Eastside resulted in a provincial funding increase of $0.4 million; and
- Funding from the Ministry of Children and Family Development to help construct Youth Hubs within MOU projects resulted in a provincial funding increase of $6.8 million.

- Changes in federal revenue consisted primarily of:
  - Last stages of completion of grants funded under Canada's Economic Action Plan resulted in a $62.2 million decrease;
  - Previous year's completion of capital grants under the *Canada-BC Affordable Housing Initiative Extension* resulted in a $4.5 million decrease and;
  - Increased funding under the *Investment in Affordable Housing* initiative resulted in a $6.9 million increase for new housing and a $4.1 million increase for assistance to help low-income seniors and people with disabilities continue to live in the comfort of their home.
- A $0.9 million net increase in other revenues was primarily the result of increased investment returns compared to 2011/12.

Revenue – 2003/04 to 2012/13



Revenues in 2012/13 were $3.2 million, or one-half of one per cent below the budget as published in BC Housing's 2013/14 Service Plan.

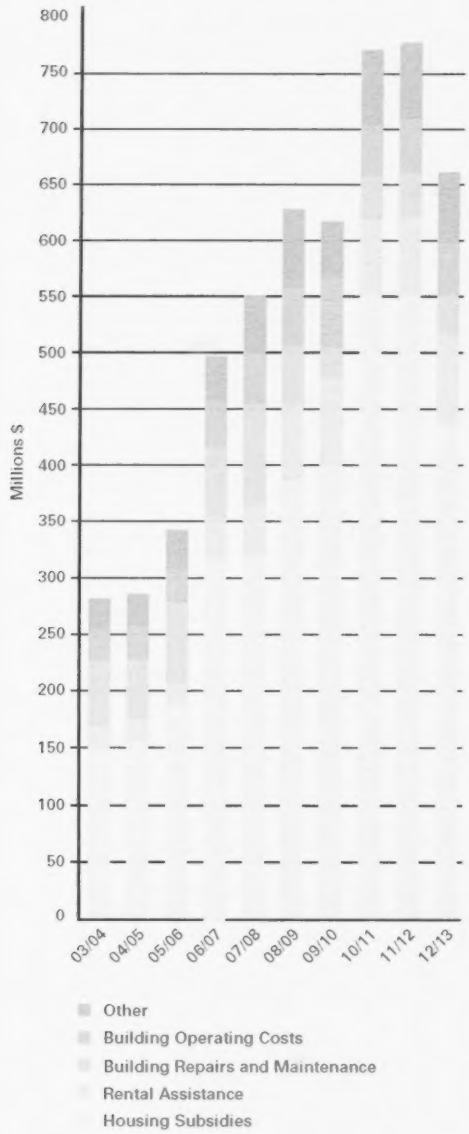
The chart above shows the change in revenue over the last 10 years. Ongoing funding to provide housing subsidies has grown consistently over this timeframe, whereas time-limited capital initiatives for renovations and new construction vary from year to year and are the primary reason for the overall variances throughout the second half of the chart.

Program Expenditures

The chart on the next page shows BC Housing's expenditures over the past ten years. Total expenditures have more than doubled over this period, whereas housing subsidies and rental assistance have more than tripled. During this period, BC Housing added approximately 42,600 housing units and provided an increased level of support services to those most in need.

Building repairs and maintenance trended upwards from 2003/04 through 2008/09, and then lessened in subsequent years. This is a result of BC Housing optimizing federal and provincial infrastructure funds. These funds have allowed BC Housing to shift focus from expensing general repairs to granting major capital improvements for the aging social housing stock. This strategy helps BC Housing to ensure that the existing housing stock is protected and managed for the long-term.

Expenditures – 2003/04 to 2012/13

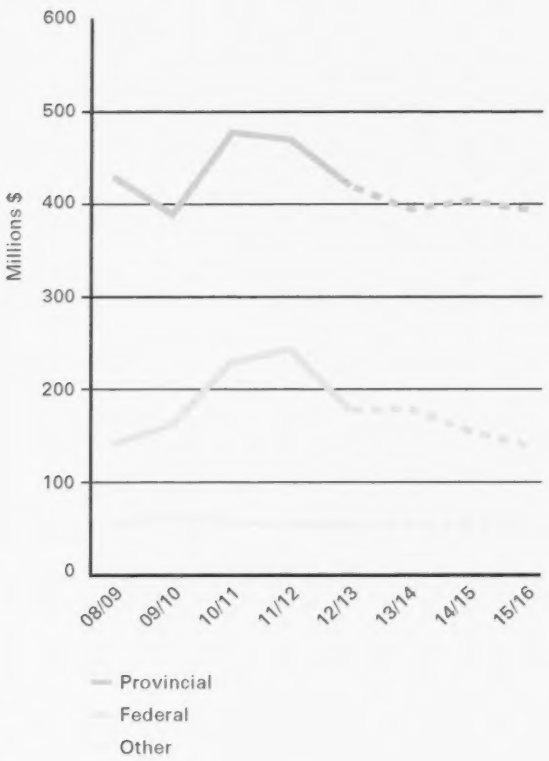


Expenditures – Actual 2012/13 ($657 M)

The growth of BC Housing's operating costs from 2007/08 through 2009/10 was partially due to a change in accounting which was reversed in 2010/11 and future years. The remaining growth within this group has been a result of inflation and insurance costs related to the increasing portfolio of PRHC owned properties. Cost saving measures and energy efficiency retrofits have helped to create a net reduction in operating costs for the 2011/12 and 2012/13 fiscal years.

Other expenditures experienced an increase in 2010/11 when the Homeowner Protection Office became part of BC Housing, and have remained stable since.

Revenues



Future Outlook

BC Housing's 2013/14 forecasted operating budget has been approved at $614.4 million. The subsequent years decrease to $610.1 million and $590.9 million respectively. This drop is primarily related to the completion of major time-limited federal grant initiatives. Provincial grant initiatives also drop slightly, whereas funding related to ongoing operating and support costs will continue to increase gradually over this timeframe.

Financial Statements

British Columbia Housing Management Commission
Financial Statements March 31, 2013

British Columbia Housing Management Commission

Financial Statements March 31, 2013

Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 8, 2013. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Commissioners. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

May 8, 2013

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Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board of Commissioners of
British Columbia Housing Management Commission

We have audited the accompanying financial statements of the British Columbia Housing Management Commission which comprise the Statement of Financial Position as at March 31, 2013 and the Statements of Operations, Change in Net Debt, Remeasurement Gains and Losses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the British Columbia Housing Management Commission as at March 31, 2013, and the results of its operations, changes in net debt, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 8, 2013

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

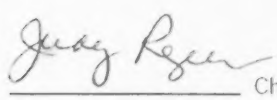
Statement of Financial Position

British Columbia Housing Management Commission

	March 31 2013 ($000's)	March 31 2012 ($000's)
FINANCIAL ASSETS		
Cash	$ 4,610	$ 1,448
Portfolio investments (Note 3)	107,320	98,827
Receivables	15,466	23,566
Due from Province of British Columbia (Note15)	386	991
Due from Canada Mortgage and Housing Corporation (Note15)	18,938	33,959
Construction loans to housing projects (Note 4)	137,732	185,182
Mortgages receivable (Note 5)	1,391	491
	285,843	344,464
LIABILITIES		
Accounts payable and accrued liabilities	35,347	36,852
Deferred revenue (Note 6)	57,725	53,232
Due to Provincial Rental Housing Corporation (Note 7)	47,976	58,801
Tenants' prepaid rent	1,118	1,087
Due to Provincial Treasury	82,234	140,919
Society funds held on deposit (Note 8)	17,499	23,639
Grants received in advance of construction (Note 9)	60,592	44,687
Social Housing Agreement Reserves (Note 10)	9,099	16,341
	311,590	375,558
NET DEBT	(25,747)	(31,094)
NON-FINANCIAL ASSETS		
Prepaid expenses and housing subsidies	25,925	24,934
Tangible capital assets (Note 11)	11,392	10,902
	37,317	35,836
ACCUMULATED SURPLUS	11,570	4,742
Accumulated surplus is comprised of:		
Accumulated surplus from operations	2,211	2,169
Accumulated remeasurement gains	9,359	2,573
	11,570	4,742

Commitments (Note 14) • Contingencies (Note 16)

On behalf of the Board



Chair

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

Year Ended March 31	2013 Budget (Note 12) ($000's)	2013 Actuals ($000's)	2012 Actuals ($000's)
REVENUE			
Provincial contributions	$ 403,824	$ 421,312	$ 474,031
Federal contributions	176,473	178,251	239,501
Tenant rent	38,819	39,115	38,781
Other	13,170	16,305	16,506
Portfolio investment income (Note 2 & 3)	-	1,597	787
	632,286	656,580	769,606
EXPENSES			
Housing subsidies	403,241	436,519	555,173
Rental assistance	87,126	86,510	82,327
Salaries and labour	54,173	49,724	48,618
Operating expenses	22,218	22,440	22,961
Building maintenance	15,032	14,503	12,223
Office and overhead	10,545	10,650	10,574
Building modernization and improvement	11,718	10,510	11,866
Building mortgage costs	8,718	8,718	8,718
Utilities	10,572	8,427	8,459
Grants in lieu of property taxes (Note 14)	8,343	7,694	7,606
Interest expense	600	843	1,027
	632,286	656,538	769,552
Annual surplus from operations		42	54
ANNUAL SURPLUS FROM OPERATIONS		42	54
Accumulated surplus from operations, beginning of year		2,169	2,115
Accumulated surplus from operations, end of year		$ 2,211	$ 2,169

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2013 ($000's)	2012 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus from operations	$ 42	$ 54
Adjustments to determine cash flows:		
Change in non-cash working capital	25,754	(96,675)
Depreciation	5,041	5,073
Realized portfolio investment loss	-	946
	30,837	(90,602)
CAPITAL TRANSACTIONS		
Tangible Capital asset additions	(5,531)	(4,772)
INVESTING TRANSACTIONS		
Construction loans provided to housing projects	47,450	17,158
Portfolio investments	(1,597)	(1,732)
Mortgages receivable	(900)	152
	44,953	15,578
FINANCING TRANSACTIONS		
Grants received in advance of construction	15,905	34,786
Due to Provincial Treasury	(58,685)	30,444
Advances (Payments) from/to Provincial Rental Housing Corporation	(10,825)	24,418
Social Housing Agreement Reserves	(7,352)	(8,270)
Society funds held on deposit	(6,140)	(560)
	(67,097)	80,818
Increase in cash	3,162	1,022
Cash, beginning of year	1,448	426
Cash, end of year	$ 4,610	$ 1,448

See accompanying notes to the financial statements

Statement of Remeasurement Gains and Losses

British Columbia Housing Management Commission

Year Ended March 31	2013 ($000's)	2012 ($000's)
Accumulated remeasurement gains, beginning of year	$ 2,573	$ 2,602
Amount released to income statement	-	(1,819)
Unrealized gains attributable to portfolio investments	6,786	1,790
Net remeasurement gains and (losses) for the year	6,786	(29)
Accumulated remeasurement gains, end of year	$ 9,359	$ 2,573

Statement of Change in Net Debt

British Columbia Housing Management Commission

Year Ended March 31	Budget ($000's)	2013 ($000's)	2012 ($000's)
ANNUAL SURPLUS FROM OPERATIONS		$ 42	$ 54
Net remeasurement gains (losses)		6,786	(29)
		6,828	25
Depreciation of tangible capital assets	$ 5,000	5,041	5,073
Acquisition of tangible capital assets	-	(5,531)	(4,772)
	5,000	(490)	301
Acquisition of prepaid expenses and housing subsidies		(286,590)	(276,026)
Use of prepaid expenses and housing subsidies		285,599	274,386
		(991)	(1,640)
Changes in net debt for the year		5,347	(1,314)
NET DEBT, BEGINNING OF YEAR		(31,094)	(29,780)
NET DEBT, END OF YEAR		$ (25,747)	$ (31,094)

See accompanying notes to the financial statements

Notes to the Financial Statements

British Columbia Housing Management Commission
March 31, 2013

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's *Shelter Aid for Elderly Renters* program, *Rental Assistance Program*, licensing of builders, overseeing the third-party home warranty insurance system; and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Province of British Columbia, Ministry of Finance regulation 688-2010 that requires taxpayer-supported organizations to adopt Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances require the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Tangible Capital Assets

Tangible capital assets are recorded at cost and depreciated over their estimated useful lives.

Desktop applications and computer hardware are depreciated on a three year amortization period. Server applications and communications hardware and components are depreciated on a five year amortization period. Enterprise applications are depreciated on a ten year amortization period. All other capital assets are depreciated over a five year amortization period.

Employee Benefit Plans

The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has approximately 56,000 active plan members and approximately 37,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2011, indicated an actuarial deficit of $275 million for basic pension benefits. The next valuation will be as at March 31, 2014 with results available in early 2015. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $3,753,462 for employer contributions to the Plan in fiscal 2013 (2012: $3,532,685).

Financial Instruments

The Commission's financial instruments consist of cash, portfolio investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Portfolio Investments

Portfolio investments are recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Realized gains and losses are recognized in the operating statement and unrealized gains/losses from changes in fair value are recorded in the statement of remeasurement gains and losses.

Other Financial Instruments

All other financial instruments are recorded on an amortized cost basis using the effective interest rate method where appropriate.

3. PORTFOLIO INVESTMENTS

BC Housing invests funds in trust on behalf of non-profit housing providers, funds for specifics reserves and funds provided by ministries for specific housing projects. These investments are held in pooled investments and managed by two investment management firms. Income derived under the investments are reinvested into the portfolio. An investment committee meets periodically to review the performance of the fund managers and ensure compliance with the BC Housing investment policy. Quarterly reports are provided to the Board. The investment policy has the following asset target components: 40 per cent Fixed Income, 30 per cent Canadian Equity; and 30 per cent International Equity. The market yield over fiscal 12/13 was 8.6 per cent.

4. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a *National Housing Act* approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. The average period of construction financing can range from 18 months to over two years. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

5. MORTGAGES RECEIVABLE

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. These mortgages are secured by property and bear interest of up to 3.95 per cent and generally are repaid within a year.

6. DEFERRED REVENUE

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	2012 ($000's)	Contributions Received ($000's)	Revenue Recognized ($000's)	2013 ($000's)
Provincial Contributions	$ 32,291	$ 408,453	$ (402,901)	$ 37,843
Canada Mortgage and Housing Corporation	20,941	167,033	(170,931)	17,043
Other Agencies	-	3,113	(274)	2,839
	$ 53,232	$ 578,599	$ (574,106)	$ 57,725

The Social Housing Agreement Reserves (Note 10) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

7. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation (PRHC) is a Crown corporation managed by the Commission.

8. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

9. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	2012 ($000's)	Grants Received ($000's)	Construction Costs Incurred ($000's)	2013 ($000's)
Project Grants	$ 13,699	$ 7,831	$ (9,713)	$ 11,817
Provincial Economic Stimulus Fund	-	27,294	(27,294)	-
Provincial FCI Fund	-	4,699	(4,699)	-
Provincial CAII Fund	-	19,486	(19,486)	-
CMHC - Economic Stimulus Fund	-	3,613	(3,613)	-
CMHC - IAH	22,810	29,798	(25,020)	27,588
CMHC - SHA	8,085	7,320	(822)	14,583
Ministry - Other	93	6,805	(293)	6,605
	$ 44,687	$ 106,846	$ (90,940)	$ 60,593

10. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement (SHA) and may only be used for housing within the SHA portfolio.

	2013 ($000's)	2012 ($000's)
Balance, beginning of year	$ 16,341	$ 24,363
Funds applied	(7,320)	(8,154)
Investment income	78	132
Balance, end of year	$ 9,099	$ 16,341

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	2013 ($000's) Net Book Value	2012 ($000's) Net Book Value
Computer software	$ 36,036	$ 26,325	$ 9,711	$ 8,290
Computer hardware	6,708	6,640	68	175
Tenant improvements	9,792	8,831	961	1,396
Office furniture	4,095	3,791	304	539
Office equipment	673	653	20	13
Vehicles	978	754	224	331
Grounds equipment	507	403	104	158
	$ 58,789	$ 47,397	$ 11,392	$ 10,902

12. BUDGET FIGURES

Budgeted figures are provided for comparative purposes are consistent with the 2012/13 Service Plan budgeted figures that were released in early 2012.

13. GRANTS IN LIEU OF PROPERTY TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

14. COMMITMENTS

a) Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2013	$ 4,321
2014	4,166
2015	4,196
2016	4,031
2017	3,872

b) Contractual Obligations

The Commission has significant contractual obligations with not for profit housing societies for the provision of annual subsidies. The current annual subsidy is $310,163,000 with a forecasted amount $337,973,000 in 5 years. These contracts are reviewed annually to evaluate the level of commitment.

c) Public-Private Partnerships Commitments

The Commission has entered into a public-private partnership project with Habitat Housing Initiative (HHI) to renovate thirteen Single Room Occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions provided during construction, for future obligations under the contract to HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progresses, the asset values are recorded as capital assets and the obligation is recorded as a liability and included in long-term debt in the Provincial Rental Housing Corporation (see Note 15). Upon construction completion, the obligation will be met through the capital component of the monthly service payments over the term of the Project Agreement that is provided by the Commission.

	Capital ($000's)	Facility Maintenance and Lifecycle ($000's)	Total Payments ($000's)
2014	$ -	$ -	$ -
2015	2,070	474	2,544
2016	6,280	1,219	7,499
2017	9,389	1,941	11,330
2018	9,388	2,183	11,571
2019	9,388	3,167	12,555
Thereafter	111,097	36,060	147,157
Total	$ 147,612	$ 45,044	$ 192,656

d) Loan Insurance Agreement

CMHC provides loan insurance under the *National Housing Act*, to assist the Commission in securing mortgages for PRHC and not for profit housing providers. In the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid to approved lenders. Since the establishment of this agreement in January 1993, there has never been a claim made under this agreement. The Commission underwrites these mortgages in accordance with CMHC guidelines for multi-unit properties, places charges on title to ensure access to property and requires housing providers to have an operating agreement with the Commission ensuring ongoing access to financial information.

The maximum value of mortgages that can be insured under this agreement is $2.5 billion. As of March 31, 2013, the total value of outstanding CMHC insured mortgages was $1,547,808,122 (2012: $1,477,973,023). There is no claim expected on this portfolio and the Corporation has not recorded a provision for loss.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission periodically invoices the provincial government and federal/provincial crown agencies under various funding arrangements or agreements for social housing programs. Funds are due on receipt of the invoice and bear no interest.

These statements do not include the capital cost of projects owned by PRHC. Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

16. CONTINGENCIES

Letters of Guarantee

As at March 31, 2013, the Commission was contingently liable with respect to letters of guarantee totalling $1,247,259 for municipal development cost charges.

Legal Claims

The nature of the Commission's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2013, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Commission's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

17. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2013.

a) Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (Note 5). Construction loans are also secured by property and repaid at substantial completion of project (Note 4).

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

c) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

d) Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

18. CAPITAL DISCLOSURES

The Commission considers its capital to be its accumulated surplus. Its accumulated surplus consist of amounts invested in tangible capital assets, prepaid expenses and housing subsidies, and net debt (Note 11). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Energy and Mines (Minister Responsible for Housing).

Financial Statements

Provincial Rental Housing Corporation
Financial Statements March 31, 2013

Provincial Rental Housing Corporation

Financial Statements March 31, 2013

Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 8, 2013. The financial statements have also been reviewed and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Directors. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

May 8, 2013

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Independent Auditor's Report

To the Shareholder of
Provincial Rental Housing Corporation

We have audited the accompanying financial statements of the Provincial Rental Housing Corporation which comprise the Statement of Financial Position as at March 31, 2013 and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 14 to the financial statements discloses the impact of these differences.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 8, 2013

Statement of Financial Position

Provincial Rental Housing Corporation

	March 31 2013 ($000's)	March 31 2012 ($000's)
FINANCIAL ASSETS		
Cash	$ 1	$ 1
Debenture subsidy receivable	878	889
Due from BC Housing Management Commission (Note 3)	47,976	58,801
Loan receivables (Note 4)	10,489	1,726
Due from Federal Government (Note 11)	3,263	-
	62,607	61,417
LIABILITIES		
Interest payable	470	492
Property sale deposit (Note 5)	30,000	20,000
Funding in advance of construction (Note 6)	-	25
Deferred contributions (Note 7)	588,328	560,885
Unearned lease revenue	81,730	83,781
Long-term debt (Note 9)	212,685	231,301
	913,213	896,484
NET DEBT	(850,606)	(835,067)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	1,119,651	1,096,036
ACCUMULATED SURPLUS	$ 269,045	$ 260,969

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2013 ($000's)	2012 ($000's)
REVENUE		
Directly managed debenture subsidy	$ 13,161	$ 13,315
Contribution revenue	39,749	39,753
Group home mortgage subsidy	9,053	8,985
Gain on sale of property	-	2,927
Lease revenue	2,126	2,126
	64,089	67,106
EXPENSES		
Depreciation	36,780	38,138
Interest on long-term debt	10,550	11,142
Group home and self insurance claims	2,244	1,814
Social housing grant and subsidy	5,172	1,697
Loss on sale of property	1,267	-
	56,013	52,791
ANNUAL SURPLUS FROM OPERATIONS	8,076	14,315
Accumulated surplus from operations, beginning of year	260,969	246,654
Accumulated surplus from operations, end of year	$ 269,045	$ 260,969

See accompanying notes to the financial statements

Statement of Change in Net Debt

Provincial Rental Housing Corporation

Year Ended March 31	2013 ($000's)	2012 ($000's)
ANNUAL SURPLUS	$ 8,076	$ 14,315
Acquisition of tangible capital assets	(84,976)	(193,103)
Depreciation of tangible capital assets	36,780	38,138
Dispose of tangible capital assets	24,581	7,915
	(23,615)	(147,050)
Changes in net debt for the year	(15,539)	(132,735)
NET DEBT, BEGINNING OF YEAR	(835,067)	(702,332)
NET DEBT, END OF YEAR	$ (850,606)	$ (835,067)

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2013 ($000's)	2012 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus from operations	$ 8,076	$ 14,315
Adjustments to determine cash flows:		
Depreciation	36,780	38,138
Amortization of deferred contributions	(39,749)	(33,602)
Gain on sale of property	-	(2,927)
Amortization of unearned lease revenue	(2,051)	(2,051)
Change in non-cash working capital	(8,774)	(1,736)
	(5,718)	12,137
CAPITAL TRANSACTIONS		
Property acquisitions	(71,925)	(193,103)
Proceeds on sale of property	24,581	10,842
	(47,344)	(182,261)
FINANCING TRANSACTIONS		
Deferred contributions	63,929	182,999
New financing	7,343	27,920
Due to/from BC Housing Management Commission	10,825	(24,418)
Property sale deposit	10,000	-
Long-term debt repayment	(39,010)	(14,575)
Funding in advance of construction	(25)	(1,802)
	53,062	170,124
Increase in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1

See accompanying notes to the financial statements

Notes to the Financial Statements

Provincial Rental Housing Corporation
March 31, 2013

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the *Company Act* of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with section 23.1 of the *Budget Transparency and Accountability Act* of the Provincial of British Columbia. This section requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting Standards except in regard to the accounting for government transfers as set out in Note 14. The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) is responsible for establishing Canadian public sector accounting standards.

Use of Estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings requires the greatest degree of estimation. Actual results could differ from those estimates.

Tangible Capital Assets

a) The Corporation capitalizes its tangible capital assets at cost and depreciates its buildings on the straight-line method as follows:

Newly constructed buildings are depreciated on a 40 year amortization period. Purchases of older buildings are depreciated over the remaining estimated useful life of the building. Betterments to buildings are depreciated over the extended remaining life of the building. Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

b) For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

c) Capitalization of public-private partnership projects

Public-private partnership (P3) projects are delivered by private sector partners selected to design, build, finance and maintain the assets. The costs of the assets are estimated at fair value, based on construction progress verified by an independent certifier, and also include other costs incurred directly by the Corporation. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received during the construction term. The interest rate used is the project internal rate of return. Upon completion, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term debt.

Upon substantial completion, the private sector partner receives monthly payments to cover the partners' operating costs, financing costs and a return of their capital.

Property Leases
The Corporation leases property used for housing projects to housing sponsors. These 60 year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions
Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets. The requirements of Canadian public sector accounting standards require that government transfers be recognized when approved and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized over the period that the liability is extinguished (Note 14).

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Government Capital Grants
Consistent with the Province of British Columbia, Ministry of Finance regulation 198/2011 capital grants are recorded as a liability (deferred capital contribution) which is amortized to income over the life of the capital asset being funded.

Financial Instruments
The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission, cash, long-term debt, interest payable and property sale deposit. All financial instruments are recorded on an amortized cost basis using the effective interest rate method where appropriate.

3. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

4. LOAN RECEIVABLES

PRHC has transferred a number of Rural and Native Housing projects to various Aboriginal Housing Providers over the last two years. These properties were originally transferred to PRHC as part of the devolution of federal housing in 2006 with the intention that they would eventually be transferred to aboriginal management and ownership. Repayable loans are associated with each property, with a total value of $10,487,757 (2012 - $1,726,033). Each loan has different repayment dates with interest rates ranging between 3 per cent to 6 per cent. The final loan is to be repaid in fiscal 2018/19.

5. PROPERTY SALE DEPOSIT

In 2008, the Corporation made a commitment to sell its Little Mountain property. The date of sale of the property is July 2, 2013. The estimated gain on sale is $294 million.

6. FUNDING IN ADVANCE OF CONSTRUCTION

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

7. DEFERRED CONTRIBUTIONS

	2013 ($000's)	2012 ($000's)
Balance, beginning of year	$ 560,885	$ 411,489
Receipts	58,968	182,363
Amortization	(31,525)	(32,967)
Balance, end of year	$ 588,328	$ 560,885

Deferred contributions are capital grants from the Commission. The grants are for the purchase and/or development of new social housing projects or the major rehabilitation of buildings owned by the Corporation (Notes 2 and 14).

8. RELATED PARTY TRANSACTIONS

a) Insurance

The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b) Directly Managed Debenture Subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c) Group Home Mortgage Subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d) Administration and Financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

9. LONG-TERM DEBT

	2013 ($000's)	2012 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35 per cent to 14.25 per cent, and secured by unregistered first mortgages on properties of the Corporation	$ 65,419	$ 80,409
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 0.08 per cent to 8 per cent, and secured by registered first mortgages on properties of the Corporation	134,215	150,892
Public-private partnership obligations SRO Renewal Initiative, 18 year contract to January 2031 with Habitat Housing Initiative, monthly payments including interest at 6.64 per cent per annum, payable in accordance with the project agreement terms commencing July 2014 to a maximum of $782,370	13,051	-
	$ 212,685	$ 231,301

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	($000's)
2014	$ 57,859
2015	36,927
2016	15,747
2017	17,668
2018	22,000
Thereafter	62,484
	$ 212,685

10. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	2013 ($000's) Net Book Value	2012 ($000's) Net Book Value
Land	$ 443,754	$ -	$ 443,754	$ 444,527
Buildings	810,275	210,941	599,334	586,060
Construction in progress	76,563	-	76,563	65,449
	$ 1,330,592	$ 210,941	$ 1,119,651	$ 1,096,036

Construction in progress includes $ 18.91 million (2012 - $0) under the SRO Renewal Initiative project. Costs are based upon the percentage of construction completed as verified by an independent party, and includes other costs incurred by the Corporation. Included in the asset costs of the SRO Renewal Initiative are development and financing fees estimated at fair value. Interest during construction is also included in the asset cost. The interest rate used is the project internal rate of return of 6.64 per cent. The amount of interest capitalized is $104,804 (2012 - $0). Upon completion, the project assets are amortized over their estimated useful lives.

11. COMMITMENTS

The Corporation has entered into a public-private partnership project with Habitat Housing Initiative (HHI) to renovate thirteen Single Room Occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions provide during construction, for future obligations under the contract including the Commission's annual service payments to HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progresses, the asset values are recorded as capital assets (see note 10) and the obligation is recorded as a liability and included in long-term debt (see note 9). Upon construction completion, the obligation will be met through the capital component of the monthly service payments over the term of the Project Agreement that is provided by the Corporation.

	Capital ($000's)	Facility Maintenance and Lifecycle ($000's)	Total Payments ($000's)
2014	$ -	$ -	$ -
2015	2,070	474	2,544
2016	6,280	1,219	7,499
2017	9,389	1,941	11,330
2018	9,388	2,183	11,571
2019	9,388	3,167	12,555
Thereafter	111,097	36,060	147,157
	$ 147,612	$ 45,044	$ 192,656

12. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2013.

a) Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (Note 3).

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission

administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

13. BUDGET

The Corporation does not establish an annual operating budget as the information does not assist the directors in monitoring or evaluating changes in revenues or expenditures. The Corporation operates as a land holding company and does not employ staff. The Corporation's revenues and expenditures are largely fixed in nature. The Commission actively administers the provincial social housing programs and records the revenues and expenditures incurred from the operation of the Corporation's buildings. The Commission is also responsible for initiating decisions around purchases, new developments and the rehabilitation or modernization of the Corporation's properties.

14. IMPACT OF ACCOUNTING FOR GOVERNMENT TRANSFERS IN ACCORDANCE WITH THE BUDGET TRANSPARENCY AND ACCOUNTING ACT

As noted in the significant accounting policies, section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and its related regulations require the Corporation to account for government transfers for capital assets by deferring and amortizing them to income on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income immediately. If government transfers were accounted for under Canadian public sector accounting standards the impact of this difference on the financial statements of the Corporation is as follows:

a) for April 1, 2010, an increase to accumulated surplus and a decrease to deferred contributions of $161,703,000;

b) for the year-ended March 31, 2011, an increase to the annual surplus of $156,910,000

c) for March 31, 2011, an increase to accumulated surplus and a decrease to deferred contributions of $318,613,000;

d) for the year-ended March 31, 2012, an increase to annual surplus of $99,745,000; and

e) for March 31, 2012, an increase to accumulated surplus and a decrease to contributions of $418,358,000;

f) for the year-ended March 31, 2013, an increase to annual surplus of $31,082,000; and

g) for March 31, 2013, an increase to accumulated surplus and a decrease to contributions of $449,440,000.

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Appendix – Performance Measure Details

Appendix – Performance Measure Details

This section outlines the disclosure of key reporting judgments, including data sources, methodology, data reliability, and benchmarks.

In the 2012/13-2014/15 Service Plan, the target for the measure Facility Condition Index was one per cent reduction from the baseline year's result. In the 2011/12 Annual Report, it was determined that 2012/13 would be an extension of the baseline year in order to gather more information. All other measures in the 2012/13-2014/15 Service Plan have been reported in this Annual Report.

Strategic Priority 1: Support a strong non-profit housing sector

MEASURE: REDUCTION IN THE NUMBER OF INDICATORS REQUIRING FOLLOW-UP AFTER AN OPERATIONAL REVIEW

Data Source

- Data is gathered by BC Housing through an operational review process with housing providers
- Measure's baseline year was 2012/13

Methodology

Operational review process involves four stages:

1) initial review
2) on-site visit
3) development of a work plan
4) collaborative follow-up stage

Number of indicators identified determines the follow-ups:

- 0-5 indicators = high number of completed indicators
- 6-8 indicators = medium number of completed indicators
- 9 indicators or higher = low number of completed indicators

Reliability

- Measure will be monitored and results reviewed to ensure follow-ups are completed within identified timeframes
- Quarterly results reported internally

Benchmarks

- Performance is benchmarked internally against past performance

Comments

- Targets were established for this measure following baseline year data collection
- Results obtained from more than 200 non-profit housing providers

Strategic Priority 2: Respond to gaps along the housing continuum

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY GROUPS

Data Source

- Data gathered through BC Housing's information systems on new units/beds created under current funding programs

Methodology

- Includes units or beds funded by BC Housing which have reached completion and/or ready for occupancy during the reporting period

Reliability

- Results may be influenced by:
  - changes in programs or funding levels
  - complexity of the development process affecting timing

Benchmarks

- Performance is benchmarked internally against past performance

Comments

- Targets were adjusted based on current forecasting and trends to reflect the completion of units under existing funding programs

Strategic Priority 2: Respond to gaps along the housing continuum *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Data Source

- Data gathered through BC Housing's internal information systems on the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* program

Methodology

- Analysis of summary data on those clients who received a subsidy under the *Rental Assistance Program*, or *Shelter Aid for Elderly Renters* during the reporting period
- Number of new households in the *Rental Assistance Program* or *Shelter Aid for Elderly Renters* who received a rent subsidy during the relevant reporting period

Reliability

- Based on past performance
- Applicants are required to re-apply on an annual basis to ensure they are still eligible for the relevant program
- Analysis is completed on the data to mitigate the possibility of including clients not receiving a subsidy within the defined reporting period

Benchmarks

- Performance is benchmarked internally against past performance
- No external benchmark available

Comments

- New household is defined as a household that is:
  - receiving rent subsidies for the first time; or
  - re-entering the relevant program after a minimum of three months without any subsidy
- Households' eligibility status are monitored to ensure they remain eligible for subsidies under the relevant program
- Future targets were adjusted based on current forecasting and trends to reflect the actual take-up level that is expected to occur
- It is anticipated there will be continued strong demand among households eligible for assistance
- It is expected that over the next three years, take-up for the *Rental Assistance Program* will remain strong

Strategic Priority 2: Respond to gaps along the housing continuum *(continued)*

MEASURE: PER CENT OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Data Source

- Data gathered through BC Housing's information systems on programs that assist those considered to be in greatest need

Methodology

- Calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups
- Clients using either the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* program are excluded from this measure

Reliability

- A review of the methodology was undertaken to provide further clarity around the mix of "housing units" and "people" counted within the measure
- Diversity of clients and range of services present significant challenges to this measure
- Each of the programs report independently to monitor any changes at the program level
- Reporting difficulties will occur if a person is housed under a service program but the housing unit is funded by a different program
- This will result in both the person and the housing unit being counted. This is estimated to occur in 12 per cent of clients for 2012/13

Benchmarks

- Performance is benchmarked internally against past performance
- No external benchmark is available

Comments

- Future targets were adjusted to reflect current forecasting and trends on the:
  - projected number of households in government assisted housing within one of the designated priority groups; and,
  - anticipated number of new and acquired housing units, all of which are targeted priority groups

Strategic Priority 2: Respond to gaps along the housing continuum *(continued)*

MEASURE: PER CENT OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Data Source

- Data gathered through the Homelessness Services System (HSS) database
- Information is captured about homeless people who receive services through the *Emergency Shelter Program*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and the *Homeless Rent Supplement Program*

Methodology

- Measure calculates the percentage of persons where follow-up was completed, housing status was verified, and where they have remained housed for six consecutive months
- Process for gathering information involves a number of steps:
  - Individuals who have consented to follow-up at the six-month anniversary of being housed are contacted by an outreach worker
  - The outreach worker identifies whether or not the individual is housed either at the original location or at a different location, or is no longer housed
  - The population whose housing status has been verified (as either housed or no longer housed) is reported in this measure

Reliability

- Measurement is based upon those clients:
  - whose housing status is recorded in the database system by the outreach and shelter workers;
  - who issued consent for follow-up contact at their six month anniversary of being housed; and
  - whose housing status could be verified as either "remaining housed" or "no longer housed"
- Final result does not include individuals who did not issue consent for follow-up contact
- Reporting on only data that is verified provides the highest level of data integrity possible for this measure, based upon the current methodology

Benchmarks

- Benchmarking internally against past performance

Comments

- Future targets were adjusted based on current forecasting and trends as it appears the capacity of outreach and health-related housing support services have reached their maximum, and performance results have stabilized

Strategic Priority 3: Enhance Aboriginal housing partnerships

MEASURE: PROGRESSIVE ABORIGINAL RELATIONS (PAR) CERTIFICATION

Data Source

- Based upon an independent, third-party verification of BC Housing's initiatives and outcomes in four areas: employment, business development, community investment and community engagement

Methodology

- BC Housing submits a report to the Canadian Council for Aboriginal Business (CCAB)
- An independent verifier conducts a site visit, selects and interviews the organization's Aboriginal partners to solicit confirmation and feedback on BC Housing's business practices supporting the Aboriginal sector
- The verifier submits a report to a jury consisting of individuals who represent Aboriginal organizations and the jury assigns ratings based on criteria

Reliability

- The Progressive Aboriginal Relations (PAR) program was enhanced to reflect best practice in the Global Reporting Initiative framework and builds on CCAB's ten years of expertise and knowledge

Benchmarks

- Benchmarks will be conducted against other PAR-certified organizations

Comments

- CCAB's certification report serves as an opportunity to provide advice, highlight best practices as well as identify strengths, opportunities and gaps to BC Housing
- The Progressive Aboriginal Relations certificate is awarded every three years

Strategic Priority 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER BUILDER EXEMPTION

Data Source

- Annual Licensed Residential Builder Survey

Methodology

- Self-administered questionnaire sent to all Licensed Residential Builders in the province
- Results calculated by an independent research firm
- Survey is available online

Reliability

- Survey sent to 5,143 builders
- Response of 1,477 builders (29 per cent) in 2012/13 survey provides a confidence level of 95 per cent with a maximum margin of error of plus/minus 3.2 per cent
- Margin of error will increase as the number of respondents providing a usable response declines, thereby affecting results

Benchmarks

- Benchmarked internally against past performance
- Informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario

Comments

- Targets were lowered to reflect the margin of error that can occur with surveys

Strategic Priority 5: Sustainability Leader

MEASURE: FACILITY CONDITION INDEX

Data Source

- Facility Condition Index (FCI) is the ratio of the repair needs to replacement value of current building components expressed in percentage terms
- The data is stored in a comprehensive asset management system, Asset Planner, with all the relevant data pertaining to projects and developments within the housing portfolio

$$FCI = \frac{\text{Total of Building Repair/Upgrade/Renewal Needs (\$)}}{\text{Current Replacement Value of Current Building Components (\$)}}$$

- Currently there is data on 6,875 units, including directly managed units (97 per cent) as well as 13,624 non-profit housing units (32 per cent)

Methodology

- Current industry benchmarks indicate the following subjective condition ratings for facilities with various ranges of FCI:
  - 0-5 per cent FCI Asset renewal liability = GOOD condition
  - 5-10 per cent FCI Asset renewal liability = FAIR condition
  - 10-30 per cent FCI Asset renewal liability = POOR condition
  - The lower the value of FCI, the better condition a building's asset renewal liability is

Reliability

- FCI of 15 per cent for the social housing portfolio with a confidence level of 95 per cent (+/-3 per cent)
- Preliminary rating is result of validating:
  - 6,875 (97 per cent) directly managed units
  - 13,624 (32 per cent) non-profit housing units
- From the total 20,499 units , 41 per cent has been confirmed through an on-site building condition assessments

Benchmarks

- Informally benchmarked against FCI of other governmental social housing providers, and other governmental and private sector building asset owners

MEASURE: FACILITY CONDITION INDEX *(continued)*

Comments

- During 2012/13 a review of the FCI methodology was also conducted
- 2012/13 was an expansion of the baseline year to improve the balance of directly managed and non-profits that have been assessed
- This process included better defining the rules around validation and also data clean-up of the asset list
- The FCI will be based on the portfolio of assets identified in the corporate unit count model
- Land value is not considered when evaluating FCI
- It should be noted that overall FCI asset renewal liability (currently classified as "poor" by industry benchmarks) does not, in most cases, reflect the quality of the social housing stock for tenants in directly managed and non-profit housing
- Future targets have been adjusted as a result of available funding for building renovations

Appendix *(continued)*

Strategic Priority 5: Sustainability Leader

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Data Source

- Greenhouse gas (GHG) emissions from energy use in housing buildings and offices owned or leased by BC Housing
- Building energy data based on data provided directly from utilities, compiled by an external consultant

Methodology

- GHG emissions are calculated based on energy consumption data from the entire housing portfolio of buildings owned or leased by BC Housing
- Data is reported on a calendar year basis, e.g., performance for 2012/13 is based on data for the period of January 1 to December 31, 2012

Reliability

- Data compiled in accordance with legislated requirements. For details on the Province's GHG emission methodology please refer to the Ministry of Environment's website'. www.env.gov.bc.ca/cas/mitigation/pdfs/Methodology_for_Reporting_BC_Public_Sector_GHG_Emissions.pdf
- GHG emissions based on B.C. government's Climate Action Smart Tool reporting

Benchmarks

- Measured against the 2005 baseline data

Comments

- Data has not been corrected for weather effects
- 2005 was chosen as the base year as it was the first year for which verifiable emissions data was available
- The original targets for the directly managed portfolio were maintained as sub-targets
- A sub-target of 25 per cent reduction in GHGs for BC Housing's directly managed portfolio was also exceeded by achieving a 32 per cent reduction in the GHGs (against the 2005 baseline)
- In order to reflect GHG performance improvements independently from changes in the building stock, the following measures are also used (all against the 2005 baseline):
  - Tonnes of GHG emissions per tenant (public housing buildings) = 39 per cent reduction
  - Tonnes of GHG emissions per employee (BC Housing offices) = 34 per cent reduction
  - Tonnes of GHG emissions per square foot of floor area = 30 per cent reduction
- These results reflect the increased energy efficiency of public housing buildings achieved through the renovations and upgrades of the older building stock and construction of more energy efficient new buildings

Strategic Priority 6: Organizational excellence

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS PER CENT OF PROGRAM DELIVERY COSTS

Data Source

- BC Housing's audited financial statements

Methodology

- Data from audited financial statements are expressed as a per cent of total program costs

Reliability

- Given variations in context and accounting across organizations, a year-over-year comparison within the same agency is a valid comparator

Benchmarks

- Benchmarked with other social housing organizations through an independent, third-party review in 2006
- Costs are standardized

Strategic Priority 6: Organizational excellence *(continued)*

MEASURE: TENANTS' RATING OF BC HOUSING'S SERVICE DELIVERY

Data Source

- Annual tenant survey

Methodology

- Questionnaire sent to BC Housing tenants by a third-party research firm. Results based on a five point scale system
- Results are based on per cent of tenants who answered "very good" or "good" to the question "How would you rate BC Housing's overall performance in meeting your housing needs?"

Reliability

- A total of 6,177 surveys were sent out, 1,544 were returned, resulting in an overall response rate of 25 per cent
- Confidence level of 95 per cent with a maximum margin of error of plus/minus three per cent
- Survey company provides analysis on specific areas where gains or improvements would be most impactful

Benchmarks

- Benchmarked internally against past performance
- Results compared informally to published results reported by housing providers in other jurisdictions

Comments

- Satisfaction levels have been trending down since 2009; the "very good" ratings have improved, up from 28 per cent to 33 per cent
- 2013/14 survey will be redesigned with questions with more focus on performance and service delivery to our tenants such as maintenance standards, safety and security
- Change will allow BC Housing to focus more clearly on performance and identify areas where improvements can be made to address tenants' needs
- 2013/14 will be the baseline year

Strategic Priority 6: Organizational excellence *(continued)*

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Data Source

- Annual staff survey

Methodology

- Self-administered online survey with the results analyzed by external research firm
- Survey seeks to obtain staff feedback on 10 benchmark questions

Reliability

- Baseline gathered through Commission-wide survey initiated in spring 2005
- Annual survey completed each year since 2007
- The survey was sent to 664 employees, and 556 responded, achieving an 83 per cent response rate

Benchmarks

- Benchmarked with other employers through use of standard industry survey instruments

Comments

- The 10 benchmark questions are:
  - Clarity about what is expected;
  - Having the right materials, tools and equipment;
  - Having a good relationship with one's manager/supervisor;
  - Having received positive recognition for work in the past month;
  - Having the ability to use skills and talents to make a contribution;
  - Having a sense of alignment with the corporate goals and objectives;
  - Having clarity about how their work contributes to the broader goals and objectives;
  - Having input into decisions that have personal impact;
  - Having feedback on progress; and,
  - Having access to learning opportunities

Glossary of Terms

Program Abbreviations and Acronyms at a Glance

AHOP	Aboriginal Homeless Outreach Program
AHI	Aboriginal Housing Initiative
AHI	Affordable Housing Initiative
CPI	Community Partnership Initiatives
ESP	Emergency Shelter Program
EWR	Extreme Weather Response
HAFI	Home Adaptations for Independence
HEF	Housing Endowment Fund
HOP	Homeless Outreach Program
HPO	Homeowner Protection Office
IAH	Investment in Affordable Housing
ILBC	Independent Living BC
NIMBY	Not In My Backyard
PHI	Provincial Homelessness Initiative
RAP	Rental Assistance Program
PRHC	Provincial Rental Housing Corporation
SAFER	Shelter Aid for Elderly Renters
SHR	Supportive Housing Registration Service
SRI	SRO Renewal Initiative
SRO	Single Room Occupancy Hotel
SRH	Seniors' Rental Housing

Aboriginal Homeless Outreach Program (AHOP): Homeless outreach workers directly engage homeless Aboriginal people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Aboriginal Housing Initiative (AHI): Provides funding to develop new, affordable housing for Aboriginal people living off-reserve and to meet long-term Aboriginal housing needs.

Affordable Housing: When housing costs do not exceed 30 per cent of a household's gross income, housing is considered affordable.

Affordable Housing Initiative (AHI): In December 2001, the Province of British Columbia and the Government of Canada announced the first bilateral agreement under the Canada-British Columbia Affordable Housing Agreement. Funding from this agreement created units under the *Provincial Housing Program*, the *Independent Living BC* program and the *Community Partnership Initiatives* program. The agreement was renewed in December 2004 with each level of government contributing about $42 million towards the Provincial Homelessness Initiative in B.C. In April 2009, the Extension to the Canada-BC Affordable Housing Initiative was signed, with each level of government contributing funding for the *Provincial Housing Initiative, Seniors' Rental Housing* initiative, and the *Housing Renovation Partnership*.

Assisted Living: Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system, and light housekeeping.

Building Envelope: The assemblies, components and materials of a building that are intended to separate and protect the interior space of the building from the adverse effects of exterior climatic conditions.

Building Envelope Renovation: The construction work on a residential building to either repair defects in the building envelope, which allow unintended water penetration, or to repair damage caused by unintended water penetration.

Building Envelope Renovator: A residential renovator who is licensed under the *Homeowner Protection Act* to either engage in, to arrange for, or to manage all or substantially all of a building envelope renovation.

Community Partnership Initiatives (CPI): This program helps our housing partners create a range of innovative housing projects for people in need. CPI offers one-time grants, access to consulting services, and construction and long-term financing for projects that do not need ongoing operating subsidies.

Co-operative Housing: A housing development in which individual residents own a share in the co-operative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse, and the right to vote for board members to manage the co-operative. Each member has one vote and members work together to keep their housing well-managed and affordable.

Core Housing Need: Households in core housing need are those who currently reside in housing that is either in need of major repair, does not have enough bedrooms for the size and makeup of the household, or costs 30 per cent or more of their total income, and who are unable to rent an alternative housing unit that meets these standards without paying more than 30 per cent of their income.

Directly Managed Housing: Refers to social housing, sometimes referred to as public housing, where BC Housing is responsible for the day-to-day property management.

Emergency Shelter: Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

Emergency Shelter Program (ESP): The program offers temporary shelter, food and other services to meet the basic nutritional and hygiene needs of people who are homeless and provides a gateway to support services that help individuals to stabilize their lives. There are approximately 60 homeless shelters and drop-in agencies funded by the government throughout B.C.

Extreme Weather Response (EWR): The program enables communities to temporarily increase emergency shelter capacity during extreme weather conditions that threaten the safety and health of individuals and families who are homeless. The program funds time-limited, temporary shelter beds needed during extreme weather conditions from approximately November 1st to March 31st.

Group Home: A small, community-based development, usually under 10 beds (units) that provides affordable housing with supports to those with special needs including individuals with severe mental and physical disabilities, youth, and women with their children fleeing abuse. BC Housing provides administration and property management support for group homes on behalf of other provincial ministries and health authorities.

Home Adaptations for Independence (HAFI): Provides financial assistance to help low-income seniors and people with disabilities with home adaptations so that they can continue to live in the comfort of their home.

Homeless Outreach Program (HOP): Homeless outreach workers directly engage homeless people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Home Warranty Insurance and Third-Party Home Warranty Insurance: Under the *Homeowner Protection Act,* all residential builders in B.C. must be licensed and arrange for third-party home warranty insurance on proposed new homes prior to obtaining a building permit or obtaining an applicable exemption. Minimum coverage and allowable exclusions for third-party home warranty insurance are set by legislation. Home warranty insurance can only be provided by insurance companies approved by the provincial Financial Institutions Commission. Insurance brokers acting on behalf of warranty insurance providers are regulated by the Insurance Council of B.C.

The Homeowner Protection Office, a branch of BC Housing, monitors the performance of the home warranty insurance system in accordance with the Act and its regulations, but has no authority to regulate warranty providers or insurance brokers.

In geographic areas where building permits are not required for new home construction, licensing and warranty insurance must be in place prior to the commencement of construction. Owner builders who have been issued an authorization by the Homeowner Protection Office are exempt from the licensing and home warranty insurance requirements.

Homeowner Protection Office (HPO): Operates as a branch of BC Housing and is responsible for: licensing residential builders and building envelop renovators province wide; administering owner builder authorizations; monitoring the performance of the third-party home warranty insurance system underwritten by the private sector; and carrying out research and education that benefits the residential construction industry and consumers.

Housing Endowment Fund (HEF): The fund is a $250 million capital endowment that was established to encourage new ideas and support innovative housing solutions. The fund supports the development of affordable and supportive housing units, as well as the provision of housing and support services. The intent is to allocate available revenue on an ongoing basis each year.

Homeless Rent Supplement: Through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program,* outreach service providers may provide clients with a rent subsidy for housing in the private market.

Housing Providers: Non-profit housing societies and housing co-operatives that own and manage subsidized housing developments. This term can also include private market landlords through whom BC Housing provides rent assistance to low-income households.

Independent Living BC (ILBC): Created in 2002, this housing-for-health program serves seniors and people with disabilities who require some support, but do not need 24-hour institutional care. ILBC offers a middle option to bridge the gap between home care and residential care.

Investment in Affordable Housing (IAH): Announced July 2011, the *Investment in Affordable Housing* program is a $180-million cost-matching agreement between the Government of Canada and the Province of British Columbia. Funding from the agreement is creating housing under the *Aboriginal Housing Initiative* and *Affordable Rental Housing* initiative. The agreement is also funding the *Home Adaptations for Independence Program.*

NIMBY (Not in my backyard): Community opposition to new social housing developments based upon fear, assumptions and stereotypes that some people may harbour about the individuals who will live in these developments.

Non-Profit Housing: Rental housing that is owned and operated by community-based, non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low- to moderate-incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the direction of a volunteer board of directors.

Operating Budget: The annual budget for a non-profit or co-operative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine the subsidy level BC Housing provides each month to run the building.

Operating Subsidy: BC Housing provides monthly subsidies to organizations to fund the costs of operating subsidized-housing units. The subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from tenants. Subsidy payments include rent subsidies/repayable assistance and cover the mortgage payments, building maintenance and other shelter-related costs.

Owner Builder: An individual who has been issued an owner builder authorization by the registrar of the Homeowner Protection Office to build a single-detached or self-contained dwelling unit for personal use and who is therefore exempt from the *Homeowner Protection Act 's* mandatory licensing and home warranty insurance requirements.

Provincial Homelessness Initiative (PHI): BC Housing provides funding for non-profit housing developments with support services that address homelessness in B.C. communities.

Provincial Rental Housing Corporation (PRHC): BC Housing's land holding company. Incorporated in 1973, PRHC buys, holds and disposes of provincially owned social housing properties and leases residential properties to non-profit societies and co-ops.

Public Housing: Housing that is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Rental Assistance Program (RAP): The program is for low-income, working families with at least one dependent child and a household income of less than $35,000. Cash assistance is paid directly to eligible households to assist these families in meeting monthly rent payments in the private market.

Residential Builder: A person who engages in, arranges for or manages all, or substantially all, of the construction of a new home, and includes a developer and a general contractor. Residential builders are licensed under the *Homeowner Protection Act*.

Safe Homes: Temporary housing for women and children fleeing violence where transition homes are not available in the community. This may include private homes, hotel units or rental apartments. Stays do not usually exceed five days.

Second Stage Housing: Housing for women and children fleeing violence who have completed a stay in a transition house or safe home. Stays can be up to 18 months.

Seniors' Rental Housing (SRH): The Province is working in partnership with the federal government's contribution to develop affordable housing units for seniors and persons with disabilities and stimulate local economies by developing new affordable rental housing in smaller communities across B.C.

Shelter Aid for Elderly Renters (SAFER): The program provides direct cash assistance to eligible residents of British Columbia who are age 60 or over and pay rent for their homes.

Single Room Occupancy Hotel (SRO): These hotels provide long-term accommodation in single rooms, typically without private bathrooms or kitchens.

Single Room Occupancy Renewal Initiative (SRI): The initiative uses a public-private-partnership delivery model to renovate and revitalize 13 provincially owned single room occupancy hotels in the Downtown Eastside.

Social Housing: Includes both public housing and housing that is owned and managed by non-profit and co-operative housing providers.

Subsidized Housing: Encompasses all types of housing for which the provincial government provides a subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent assistance for people living in private market housing. It also includes emergency housing and short-term shelters.

Supportive Housing: Housing that provides ongoing supports and services to residents who cannot live independently and are not expected to become fully self-sufficient.

Supportive Housing Registration Service (SHR): With the goal to facilitate the transition from homelessness and emergency shelter use to permanent, supportive housing, SHR provides a single point of access for applicants seeking low-barrier supportive housing. The service manages the allocation of supportive housing units in the Vancouver SROs acquired by BC Housing and select City of Vancouver-owned supportive housing sites.

The Housing Registry: A centralized database of applicant information and housing provider information coordinated by BC Housing. It allows individuals to apply for housing with multiple service providers using one application form.

Transition Houses: Temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially funded transition houses have around-the-clock staff coverage. Stays do not exceed 30 days.

Transitional Housing: Housing that is provided for a minimum of 30 days and up to two or three years, which includes the provision of on- or off-site support services to help people move towards independence and self-sufficiency.

Women's Transition Housing and Supports Program: Serves women and their dependent children fleeing violence. It includes transition houses, safe homes, second stage housing and related supports. Services are provided by community-based contractors and provide clients with housing, food, crisis intervention, and referrals.

BC Housing

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